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Imperial Irrigation District

Annual Report

1940

Year - 1941

McManus

1911

1942

IMPERIAL IRRIGATION DISTRICT
ANNUAL REPORT BY THE PRESIDENT OF THE BOARD OF DIRECTORS
JANUARY 1, 1942

DIRECTORS

Evan T. Hewes, President of the Board
Charles Morrow W. J. Gregg
B. F. Grubel Mark Rose

ASSESSOR-COLLECTOR

W. A. McFadden

SECRETARY

W. W. Goodson

TREASURER

Anna T. McManus

El Centro, California
January 1, 1942

To the
Board of Directors and
All Persons Interested in
Imperial Irrigation District

The President of the Board of Directors submits herewith a review of District operations and progress for the year ending December 31, 1941.

Discussion of this twelve-month record will center about these topics:

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 - (d) Treasurer's Office
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FOREWORD

With thirty years of the District's history as an organized entity just completed, it is eminently proper that before commenting on the achievements of 1941, a tribute should be paid to those whose foresight and persevering toil made possible the progress we are about to record.

On the threshold of a new era in the annals of the District, it is with extreme pleasure and gratification that I offer this résumé of the progress made during 1941. The past year, as will be seen from the pages which follow, was one of signal achievement for the District.

We must, however, ask that in perusing this record a most important fact is to be constantly borne in mind. Changes in an organization as large as the District must, of a very necessity, come slowly if they are to be of lasting value. Those who have in their hands the guidance of the District's policies realize full well the truth of this statement and are ever on the alert to provide whatever experience has shown to be best to stabilize the progress already made and to protect it through the difficult and trying times which still lie ahead.

The year 1941 witnessed one change in the personnel of the Board of Directors. An election held on February 5 in the Calexico, Holtville, and Calipatria Divisions resulted in the re-election of Directors Hewes and Rose in the first two divisions, with B. F. Grubel being elected to succeed W. E. Young as director from the Calipatria Division. The new board met for the first time on March 11, at which session E. T. Hewes was again named to be President of the Board. All appointive offices were also filled, the incumbents being chosen.

Of paramount importance to the welfare of the District was the decision of the United States Federal Court in February which finally gave its seal of approval to the District's refunding program. This decision brought to an end the long struggle on the part of the District to secure approval of a satisfactory program which would liquidate the more than \$15,000,000.00 outstanding bond and warrant indebtedness.

Continued seasoning of the All-American Canal brought water from the Colorado River to the District's canals in ever-increasing quantities and allowed the hydro plants on the Canal to join the power system with their increased output of power.

In 1941 a Drainage Committee was organized, consisting of a representative of the Department of Soil Conservation Service, Farm Credit Administration of U. S. Department of Agriculture, and the Imperial Irrigation District, for the purpose of making a continuing study of drainage problems of Imperial Valley.

The putting in operation of the Refunding Plan and progress of Drainage Construction and Improvements, shown by the Committee's study helped cause a generally improved picture of Imperial Valley conditions which resulted in the Federal Land Bank declaring the Imperial Valley eligible for Land Bank loans after this territory had been barred from such participation for more than twenty years.

Drainage construction and improvements proceeded with a tempo unparalleled in the history of the District. Canalization of the Alamo River emptying into Salton Sea was the first step of a program that will be carried on as far south as Rositas Dam and improve the drainage outlet for lands as far south as the Central Main north of Calexico.

Flood and erosion problems have been given considerable study for many years past without any permanent remedy having been developed.

Flash rains in the mountain and desert areas surrounding the District would often send torrential streams of water rushing toward the unprotected canal system with results that were often disastrous, not only to canals and structures but also to growing crops, highways and railroad transportation lines.

The District had Representative Ed V. Izac introduce in Congress a bill authorizing the Army to make a survey of all streams and washes emptying into Salton Sea in San Diego and Imperial Counties. The bill became law on August 18.

Colonel Edward C. Kelton, Los Angeles district engineer for the United States corps of engineers, was placed in charge of investigations. He informed officials of the District, the County, the Southern Pacific Railroad, the State Highway Department, and ranchers and landowners of the Valley that a meeting would be held in Brawley on January 7, 1942. At this meeting evidence is to be presented showing losses from floods and erosion over the past 15 years. Future corrective means will also be discussed.

It is hardly necessary to point out here that this meeting will have far-reaching results for the future well-being not only of the District but of the whole area served by the All-American Canal. This is a project of great magnitude and would make an excellent post-war enterprise.

The National defense program was given the fullest possible support throughout the District. Even before the Nation was drawn into the war in December, about twenty-five members of the District's personnel, both departmental heads and other employees, had either enlisted in the several branches of the service or were inducted into the Army through draft. Joe Snyder, Assistant to Mr. W. E. Hartzog, Superintendent of Water Distribution and Drainage Construction, volunteered to organize the air-raid warning signal stations of the Valley. Other employees assisted in this work and joined the various State Guard units in the Valley.

We have mentioned some of the outstanding features which contributed to the progress of the past year. These and other subjects of no less importance will be discussed in more detail in the pages which follow.

I. FINANCIAL

(a) Statement of Condition

The year 1941 saw the District reduce its outstanding General Bond and Warrant indebtedness \$325,942.70, at a saving to the District of \$35,002.96. This was made possible by the action of Federal Judge Ralph E. Jenney, who on February 26 signed the order which made the District's Refunding Plan operative.

One of the provisions of this plan made it possible for the District to purchase its securities involved in the plan at market value instead of having to pay face value.

Furthermore, the District's Power Bond indebtedness was reduced \$74,000.00 during the year.

The following table prepared by the Treasurer, Miss Anna T. McManus, gives the picture in detail:

BOND AND WARRANT INDEBTEDNESS

	Total Securities Jan. 1, 1941	Securities Purchased Face Amount	Amount Used to Purchase Securities	Savings to District in Purchase	Total Securities Dec. 31, 1941
Warrants	\$ 878 265 90	\$ 61 442 70	\$ 50 792 30	\$10 650 40	\$ 816 823 20
Bonds	14 250 000 00	264 500 00	240 147 44	24 352 56	13 985 500 00
Total	\$15 128 265 90	\$325 942 70	\$290 939 74	\$35 002 96	\$14 802 323 20

POWER REVENUE BONDS

Total Securities Jan. 1, 1941	Securities Retired Face Amount	Total Securities Dec. 31, 1941
\$3 263 000 00	\$74 000 00	\$3 189 000 00

Factors which had direct influence on the District's financial condition during the year may be outlined as follows:

1. Water collections decreased over \$53,000.00 from the previous year, although the District increased the water toll effective August 1. This was due to the heavy rains which caused a curtailment of irrigation water deliveries for a total of 94 days during the year.

2. An increase in the cost of materials and supplies necessary for District operations.

3. The general salary increase for employees made effective July 1, which involved increasing the District's operations costs by \$13,000.00 a month, subject to fluctuations in the number of employees necessary to carry on additional drainage and construction activities.

The District's operations were carried out on a 100 per cent cash basis throughout the year 1941, including extensions to the power system.

The Irrigation Operating Fund balance of the Cash and Fund Balance Sheet shows a decrease of \$389,000.00. This is accounted for as follows: \$88,000.00 was paid out for refunding expenses from the \$156,000.00 given to this fund by the Refunding Plan and shown in the fund balance of December 31, 1940; \$176,000.00 was charged for power construction expenditures in 1941, while the 1940 fund balance showed \$92,000.00 charged for the same purpose but not deducted; \$124,000.00 is represented in increased inventory, which, in my opinion, is worth more than the like amount of money in the bank because today much of the material could not be replaced at any price. The difference of \$1,000.00 represents

miscellaneous purchase of equipment and supplies and transfers of money which had not been credited to this fund as of December 31, 1941. It must be borne in mind that miscellaneous purchases are made from the Irrigation Operating Fund and later these items are charged against the department using them and transfer of funds made to the Irrigation Operating Fund. Power inventory values also show an increase of \$37,000.00. However, the Cash and Fund Balance Sheet attached shows the District going into the year 1942 in a good financial condition.

The Cash and Fund Balance Sheet and the Revenue and Expense Statement herewith presented show in greater detail the financial condition of the District as of December 31, 1941.

CASH AND FUND BALANCES
DECEMBER 31, 1941 AND DECEMBER 31, 1940

	December 31 1941	December 31 1940	Increase or Decrease*
<u>OPERATING FUNDS: (Irrigation)</u>			
Cash Balance	\$ 104 345	\$ 404 864	\$ 300 519*
Due from Power Funds		92 147	92 147*
Fund Balance	\$ 104 345	\$ 497 011	\$ 392 666*
Assessments Collected for Following Year	117 677	114 196	3 481
Total Fund Balance	\$ 222 022	\$ 611 207	\$ 389 185*
<u>IRRIGATION BOND AND WARRANT FUNDS:</u>			
Cash Balance	\$ 237 104	\$2 469 576	\$2 232 472*
Less Unpaid Matured Principal and Interest	483 737 ⁽¹⁾	2 592 852 ⁽¹⁾	2 109 115*
Fund Balance	\$ 246 633**	\$ 123 276**	\$ 123 357*
Assessments Collected for Following Year	391 597	356 778	34 819
Total Fund Balance	\$ 144 964	\$ 233 502	\$ 88 538*
(1) Includes Interest Maturing January 1 of the Following Year			
<u>DRAINAGE FUND:</u>			
Fund Balance	\$ 257 493	\$ 348 256	\$ 90 763*
Assessments Collected for Following Year	81 149	73 867	7 282
Total Fund Balance	\$ 338 642	\$ 422 123	\$ 83 481*
<u>MISCELLANEOUS IRRIGATION FUNDS:</u>			
Fund Balance	\$ 85 497	\$ 68 431	\$ 17 066
Assessments Collected for Following Year	67 724	61 616	6 108
Total Fund Balance	\$ 153 221	\$ 130 047	\$ 23 174
<u>POWER REVENUE FUNDS:</u>			
Cash Balance	\$ 48 415	\$ 43 499	\$ 4 916
Due General Fund		20 316	20 316*
Total Fund Balance	\$ 48 415	\$ 23 183	\$ 25 232
<u>POWER BOND FUNDS:</u>			
Cash Balance	\$ 247 123	\$ 132 027	\$ 115 096
Unpaid Bonds Maturing January 1 of the Following Year	83 000	57 000	26 000
Unpaid Interest Maturing January 1 of the Following Year	59 684	60 955	1 271*
Total Fund Balance	\$ 104 439	\$ 14 072	\$ 90 367
<u>MISCELLANEOUS POWER FUNDS:</u>			
Cash Balance	\$ 14 807	\$ 8 002	\$ 6 805
Due in January	1 702	35	1 667
Total Fund Balance	\$ 13 105	\$ 7 967	\$ 5 138
<u>POWER CONSTRUCTION FUNDS:</u>			
Cash Balance		\$ 13 361	\$ 13 361*
Due General Fund		71 831	71 831*
Total Fund Balance		\$ 58 470**	\$ 58 470
TOTAL FUND BALANCES	\$ 366 661	\$ 777 174	\$ 410 513*
Assessments Collected for Following Year	658 147	606 457	51 690
TOTALS	\$1 024 808	\$1 383 631	\$ 358 823*

*Decrease

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REVENUES AND EXPENSE STATEMENT
JANUARY 1 TO DECEMBER 31, 1941

	<u>Total</u>	<u>Irrigation</u>	<u>Power</u>
<u>REVENUES:</u>			
Realized from:			
1940-41 Assessments (86%)	\$1 251 086	\$1 251 086	
Penalties and Costs	7 565	7 565	
	<u>\$1 258 651</u>	<u>\$1 258 651</u>	
Redemption of Certificates of Sale on			
Delinquent Assessments	124 669	124 669	
Sale of Lands Held under Assessment Deeds	128 000	128 000	
Interest Collected on Certificates of Sale	<u>13 807</u>	<u>13 807</u>	
Total Revenues Realized from Assessments			
Levied	\$1 525 127	\$1 525 127	
Water Sales, U. S.	\$626 083		
Water Sales, Mexico	<u>195 323</u>		
Rental of Lands	821 406	821 406	
Rental of Buildings	107 373	107 373	
Interest on Land Sale Contracts	7 481	7 481	
Interest on Bank Deposits	12 136	12 136	
Interest, Miscellaneous	10 374	10 374	
	4 064	4 064	
Power Sales:			
Residential and Domestic Sales	\$263 457		\$263 457
Rural Sales	171 775		171 775
Commercial and Industrial Sales	304 392		304 392
Sales to Public Authorities	69 546		69 546
Interdepartmental Sales	19 346		19 346
	<u>\$828 516</u>		<u>\$828 516</u>
Less Provisions for Sales			
Discounts	<u>27 147</u>		<u>27 147</u>
Total Power Sales	801 369		\$801 369
Miscellaneous Electric Revenue	436		436
Miscellaneous Other Revenue	<u>20 016</u>	<u>20 016</u>	
TOTAL REVENUE	\$3 309 782	\$2 507 977	\$801 805

	<u>Total</u>	<u>Irrigation</u>	<u>Power</u>
Total Revenue (Brought Forward)	\$3 309 782	\$2 507 977	\$801 805
<u>OPERATING REVENUE DEDUCTIONS:</u>			
<u>Operating Expenses:</u>			
Operation and Maintenance, Irr. System	\$1 222 075	\$1 222 075	
Operation and Maintenance, Power System:			
Generation, Hydro Power	\$ 40 404		
Generation, Diesel Power	104 895		
Transmission Expense	18 138		
Substation Expense	15 747		
Distribution Expense	<u>106 796</u>	285 980	285 980
Customers' Accounting and Collecting - Power	66 907		66 907
Merchandising, Jobbing, and Contract Work - Power	\$ 6 758		
Less Revenue from Merchandising	<u>13 032</u>	6 274 ⁽¹⁾	6 274 ⁽¹⁾
Other Sales Promotion Expense - Power	42 706		42 706
Rentals - Power	8 884		8 884
Administration and General Expense - Power	91 662		91 662
Group Insurance	4 358	4 358	
Losses on Obsolete Stock and Equipment	11 133	11 133	
Tax Deed Land Sales and Rental Expense	20 174	20 174	
Miscellaneous Expenses and Losses	<u>24 457</u>	<u>24 457</u>	
Total Operating Expenses	\$1 772 062	\$1 282 197	\$489 865
Depreciation - Equipment and Facilities	\$ 46 507		
Depreciation - Buildings	15 900		
Depreciation - Power System	<u>130 383</u>	192 790	62 407
Uncollectible Accounts		19 870	7 102
Total Operating Revenue Deductions	<u>\$1 984 722</u>	<u>\$1 351 706</u>	<u>\$633 016</u>
TOTAL OPERATING REVENUE	\$1 325 060	\$1 156 271	\$168 789
<u>REVENUE DEDUCTIONS:</u>			
Interest on District Refunding Bonds	\$ 588 287	\$ 588 287	
Interest on Power Revenue Bonds (5th, 6th, and 7th Issues)	119 603		\$119 603
Interest on Registered Warrants	44 034	44 034	
Expenses of Second Refunding Plan	<u>39 863</u>	<u>39 863</u>	
Total Revenue Deductions	<u>\$ 791 787</u>	<u>\$ 672 184</u>	<u>\$119 603</u>
EXCESS OF REVENUES OVER EXPENSES -			
JANUARY 1 TO DECEMBER 31, 1941, INCL.	\$ 533 273	\$ 484 087	\$ 49 186

(1) Indicates deduction from expenses.

(b) 1941-42 Assessment Budget

For the fourth consecutive year, the assessment rate for 1941-42 was set at \$3.77 per \$100.00 assessed valuation by the Board of Directors following their sessions as a Board of Equalization in September.

The gross assessed valuation for 1941-42 totaled \$38,027,880.00 or a decrease of \$438,631.00 from the preceding year's total of \$38,466,511.00. After providing for estimated 15 per cent delinquencies in collections as provided by law, Directors had a net assessed valuation of \$32,323,698.00 with which to work. On the basis of this net assessed valuation, the \$3.77 levy is figured to raise \$1,218,603.41, which is \$14,055.93 less than the 1940-41 figure. Allowing for an anticipated 15 per cent delinquency, the \$3.77 rate is calculated to raise these amounts:

For Redemption Fund to pay interest on Bonds and Warrants and provide for their retirement	\$725 000 00
For Drainage Fund	150 000 00
For Emergency Maintenance and Operation	50 000 00
For Annual Installment on Laguna Dam Contract	75 000 00
For Operation and Maintenance	217 861 72

This amount is \$14,283.76 less than last year's figure.

(c) Assessor-Collector's Office

By a system of checking farm land valuations, Assessor-Collector W. A. McFadden's office has been able to compile what he considers a very complete picture of the comparable and relative values of this land.

The total value of the land within the District has been lowered, however, not from the lowering of land in any certain district, but through Assessment Deeds requested by the Board of Directors, long delinquent land has been eliminated from the rolls. This has brought the percentage of delinquencies very much lower and has raised the collectible accounts charged on the books of the Collector to a higher percentage. The records in the office of the Collector as of September 8, 1941 show the percentage of delinquency to be 10.98%.

The following data shows the amount of work necessary to bring the records of the Assessor-Collector to the above degree. Since Mr. McFadden was elected Assessor-Collector of the Imperial Irrigation District in 1937, 20,550 Assessment Deeds have been made. Clearances of other years of delinquencies entail a volume of work and many thousands of instruments have been made covering Clearances. Also, during this period, delinquent properties have been redeemed to quite an extent, and 6,700 Redemption Certificates have been executed in this office and recorded in the regular manner at the County Recorder's office. All property on which the assessment is not paid each year goes to sale and is published in a regular newspaper. This, in former years, has amounted to a very large sum of money; and advertising costs for this year, which have been reduced owing to the fact of the eliminating from our rolls of nonpaying properties, show a saving of approximately \$4,000.00 in comparison with 1937.

In connection with the regular assessing of land, the Assessor has gone more extensively into the checking of road right of ways and also right of ways for service, delivery, and drainage canals. This information is used for deduction

purposes in setting up the value on farm lands. From this information and familiarity gained through observation of the land, an enlarged map system has been developed which is very helpful in checking lands within the District.

Each year some division of the office has been given special attention, and time-saving devices have been installed so that both labor and money have been saved to a great extent. The project worked out by the office personnel during the past year has been a complete remodeling and remaking of the delinquent indexes, which are the key to all delinquent assessments.

The economies effected by increasing the efficiency have caused the budget of this office to be reduced from \$30,000.00 in 1941 to \$27,000.00 for 1942.

The payment of first installment assessments for 1941-42 was 6 per cent higher than for the corresponding period in 1940-41.

(d) Treasurer's Office

The administration of this office was handled by your Treasurer, Miss Anna T. McManus, during 1941, with one full-time employee and one extra employee during the heaviest rush of business when the Refunding Plan was put into effect and for a few days the first of July during the interest-paying period.

The efficient management of this office is best determined by considering the following volume of business that was handled by the personnel above mentioned:

After the refunding bonds and coupons had been overprinted setting forth the terms of the Modification of Refunding Plan, supervised and checked 15,000 bonds which had an average of 80 coupons attached to each bond, with a face value of approximately \$14,000,000.00.

Exchanged 594 overprinted bonds for old bonds, the bonds being carefully checked to see that all coupons were properly attached.

Checked 286 bonds which District purchased to see that all coupons were properly attached.

Checked 74 power bonds which were retired by the District.

Checked and handled 141,469 interest coupons for which \$2,600,000.00 was paid out of District funds.

Stamped 2,000 warrants setting forth terms of Modification of Refunding Plan. Approximately 100 warrant owners, holding 200 warrants, have not deposited their warrants under Modification of Refunding Plan.

Contacted by letters, cards, and personal contact, 550 warrant owners,

Issued warrant interest checks to 550 warrant owners involving \$336,000.00, but checks covering interest on warrants not deposited under Plan, as of December 31, 1941, have been cancelled.

Issued 2,200 checks for bond and warrant interest during the year.

In addition to the above work, the regular routine in keeping the books and accounts of the office was carried on in the regular manner.

Accrued interest on bank accounts amounted to \$9,969.58 during the year. The Treasurer's budget was \$5,500.00; therefore, the office operated at a profit of \$4,469.58 during the year.

(e) Refunding

On February 26, 1941, Federal Judge Ralph E. Jenney signed the final interlocutory decree authorizing the Refunding Plan of Composition. The Plan had been declared temporarily operative in 1940 but did not receive its final approval until early in 1941.

Since the Approval Order of the \$14,250,000.00 of bonds, \$13,672,500.00 have been deposited, leaving undeposited \$577,500.00.

Two thousand warrants have been surrendered to the District for overprinting under the Plan of Modification, leaving 200 warrants not surrendered.

Some of the results of operations of the Plan were heretofore set forth in the table under the subtitle, Statement of Condition.

(f) Auditor's Report (Completed in April, 1941, covering 1940 operations)

Imperial Irrigation District operations for the year 1940, which include the United States Irrigation Division, the Mexican Division, and the Power Division, showed a net operating surplus of \$483,638.83, an increase of \$388,322.19 over the previous year.

The United States water division and the power division returned substantial profits for the year, although the power division profits did not reach the figure set in 1939. The Mexican Division showed a deficit greater than that of last year. This was due in major part to the large amount of money which had to be spent for repairs to the canal system below the border, which had borne the brunt of the damages inflicted by the earthquake of May 18, 1940.

The United States irrigation division ended 1940 with a net profit of \$597,026.66, an increase of \$533,745.48 over 1939. Net profits earned by the power division were \$53,672.66, which fell below the 1939 mark by \$41,643.98. This decrease was due to the sharp increase in the financial costs of the power division for the year consisting of interest payments which became due on the power system construction bonds. In 1939, interest payments were charged directly to construction costs. The Mexican division showed a deficit of \$137,062.49, an increase of \$100,322.62 over the 1939 deficit.

Total revenue for 1940 from land and water was \$2,466,774.95, an increase of \$119,718.76 over 1939, with power sales reaching \$708,019.32, an increase of \$197,746.63 for the year. Revenue from water sales in Mexico showed an increase of \$20,268.83. Revenue from assessment sources were: \$1,240,774.51 current and \$228,469.96 delinquent, a total of \$1,426,163.62, an increase of \$43,080.85 over the preceding year, while water sales in the United States increased \$27,250.12 during the year.

Executive and administrative expenses for 1940 totaled \$332,244.47; operation and maintenance of the entire system, water and power, amounted to \$1,424,489.05;

financial costs were \$721,990.15 lower than the 1939 figure because of reduced interest payments to be made on outstanding bonds and warrants under the District's Refunding Plan.

Commenting on District operations, the auditors pointed to a marked decrease in the number of unauthorized water runs on delinquent accounts, the result of increased supervision given these accounts. They commented favorably on the continuous audit system put into effect by the District and also on the marked improvement in the new accounting policies which have been adopted throughout the system.

II. MAINTENANCE AND OPERATION

(a) General Comment

The Operation and Maintenance costs for 1940 amounted to \$1,227,000.00 and for 1941 amounted to \$1,411,000.00, or an increase in 1941 of \$184,000.00. This figure includes capital expenditures but does not include emergency expenditures. A breakdown of the expenditures for both years are as follows:

	<u>1940</u>	<u>1941</u>
Capital	\$ 110 000	\$ 222 000
Operation and Maintenance - Drainage	122 000	152 000
Operation and Maintenance - Distribution Canals	995 000	1 037 000
	<u>\$1 227 000</u>	<u>\$1 411 000</u>

It is to be noted that the increase of capital expenditures represents a large part of the difference in the above figures. In the latter part of 1940, it was obvious to the Board that it would only be a question of time until it would no longer be possible to obtain delivery on heavy equipment, such as bulldozers, dredges, heavy trucks and trailers; therefore, orders were placed and delivery made during the year 1941 for this equipment. It has since proved that this assumption by the Board was correct.

Expenditures not included in the budget and of an emergency nature amounted to \$58,396.00, a breakdown of which is as follows: Reconstruction of Rositas Dam, \$41,928.00; other earthquake damage, \$870.00; storm damage repairs, \$15,598.00.

Open drains maintained by the District in 1941 had been increased from 1,100 miles at the beginning of the year to 1,160 miles at the end of the year. As commented on in last year's report, the maintenance of the ever-increasing mileage of drains will continue to reflect in the increased cost of Drainage Maintenance and Operation.

When computing the costs of maintenance for the past year, due consideration must be given to the upward trend in the price of necessary materials. Furthermore, due to the National defense program and priorities ratings, it has become more and more difficult to secure needed materials or be assured of being able to purchase them in the future. Operation costs were increased in part by the general salary increase given employees on July 1.

During the past year, burning operations to control growth of weeds and brush on canal and ditch banks were carried on more extensively than ever before. Oil treatment of canals to prevent excessive seepage continued during 1941, and the

feasibility of caring for aggravated conditions on canals in this manner was definitely proved, although the process of treatment could be improved.

The drainage system of the District, through a carefully worked out maintenance program, was in the best operating condition since first constructed. Replacement of old equipment by new machinery, together with reorganization of supervision, brought the District's operating equipment to the highest state of efficiency it had ever reached.

When the All-American Canal became the main source of the Valley's water supply - three fourths of the water used now comes from the Canal - the maintenance personnel at Andrade was reduced and the District began salvaging material and equipment which had formerly been used at the heading.

On December 16, the Board of Directors authorized the sale of a locomotive and 50 automatic dump cars to the National Irrigation Commission of Mexico for \$27,000.00. This equipment had been used at Andrade to haul rock to threatened levees along the Colorado River during floods. In addition to this sale, the District entered into a contract with the Commission to furnish certain quantities of quarry-run rock to be used for river levee protection in Baja California.

Scouring by silt-free water in the canals brought about the necessity of establishing new grade elevations on many of the canals. The Central Main was the first on which these improvements were made; and, during the past year, two new drops were constructed on that canal, with three more now in the course of construction. These drops are along a 6-1/2-mile sector of the canal southwest of El Centro; and, when construction work is completed, a series of drops in that sector of the canal totaling 35 feet will have eliminated the steep grade. The first of these to be completed was at McCabe, and the second was one-half mile north of that location.

The October crop report shows 201,085 acres cropped and 209,092 ploughed but not in crop, which figures are higher than those for the preceding year. In this total, there were 159,028 acres for field crops, 34,198 for garden, and 7,859 for permanent crops.

Consideration must be given the many improvements added by the District during the year, not only to equipment but to buildings as well. These include the installation of the 20-ton gantry crane in the yards at Imperial at a cost of \$10,362.51 and the relocation and reconstruction of the automobile repair shop, motor, service station, blacksmith shop, and warehouse.

These improvements were made as part of a planned two-year program to be financed from money received from the salvage of old obsolete equipment, junk, and buildings at Andrade, together with saving from the regular Maintenance of Buildings Budget.

Outstanding developments completed during the year were Rositas Dam, two new drops on the Central Main, the Briar Spillway, and No. 4 Spillway on the Brawley Main.

(b) Weed Control

For several years past, the District has experimented with oil-burning outfits in its program to control weed growths along the banks of canals and laterals. This proved so successful that 1941 saw this program carried out on a scale never

attempted before. Spray rigs using a chemical solution supplemented the activation of the burning program. Both methods of control have proved highly successful and will be continued through the coming year.

Burner rigs, fabricated in the District's shops in Imperial and burning a low-grade Diesel oil, were operated under the supervision of the division superintendents and also the Drainage Construction Division. During the past year, these rigs covered a total of 9,504 miles of canal and drain ditchbanks, exceeding the record set in 1940 by 4,134 miles. These rigs consumed a total of 1,266,351 gallons of fuel, 290,166 gallons over last year's consumption. As has been previously noted, this operation not only succeeds in destroying weeds and other growth, but the residue of the oil used in the operation has proved to be effective in sealing canal banks against seepage and in retarding new growth.

Spraying operations were not carried on so extensively as during the previous year. During a very limited period, from January 1 to the middle of February and again from November 29 to December 10, these operations were carried on along 240 miles of canals and drains. Of this mileage, 160.6 were along one bank, while 79.4 were inclusive of both banks. A total of 56,127 pounds of chemicals was used in the process, of which 55,999 pounds was Atlacide and 128 pounds was Nelsite.

(c) Emergency Operations

Heavy rains caused damages totaling approximately \$20,000.00 to the District's canal system during the year on three separate occasions, with one structure being undermined by water, necessitating a replacement. Prompt action on the part of division personnel limited the amount of damage caused and rushed repairs to completion with a minimum loss of time.

On March 12 and 13, heavy rains in the Calipatria area washed out sections of the East Highline Canal, in several places levelling canal banks and in some instances completely filling the canal with sand and gravel. The Thistle No. 8 Lateral in the Westmorland area was also damaged considerably in this same storm.

Again on August 9 and 10, rains flooded the whole east side of the Valley. The Flowing Wells sector was the hardest hit. Large breaks occurred in the Highline Canal and in laterals and drainage ditches in the Holtville area. Water flow in the All-American Canal and the Alamo River was ordered reduced for repairs, which were completed in almost record time. Another heavy rainstorm on December 10 caused new breaks in the East Highline Canal from "J" to "W" Laterals in the Calipatria Division, and sections of this canal were again filled with sand and gravel washed in from the desert.

On July 7, a break occurred at the Oxalis Heading caused by water seeping under the structure. The structure was damaged to such an extent that it was necessary that a replacement be made. This was done by the Drainage Construction Department at a cost of \$5,500.00.

During the year, one of the District's oldest landmarks disappeared from the scene, to be replaced by a new and better structure. This was Rositas Dam. Constructed originally in 1910 and rebuilt in 1915, the dam was so badly shaken by the earthquake of May 18, 1940 that it was found necessary to demolish the old structure and reconstruct the dam.

1941

June 9, 1941 saw the completion of this dam and the resumption of the service the old dam had rendered for so many years, just 93 working days after the reconstruction started. The costs showed \$41,927.67 when the work was completed.

It is of interest to note some of the major features of construction on the new Honitas Dam. Five hundred and seventy cubic yards of concrete were placed in the structure with 70,000 pounds of reinforcing steel; 3,195 lineal feet of butt timber piles were driven and 3,984 square feet of 6 x 8 timber sheet piling. There were 2,000 cubic yards of excavation and backfill, and 40,000 board feet of lumber were used in the construction. Five 9 x 7 radial gates with hoists were installed and one double 4-1/2-foot drop below the spillway was replaced.

III. DRAINAGE CONSTRUCTION, MAINTENANCE AND IMPROVEMENTS

(a) Construction

Construction of new drains and deepening of existing drains were actively carried on during the year 1941. Construction work was continued on a cooperative basis. The landowners contributed on a basis of \$800.00 per mile for excavation costs, the District bearing all engineering costs and the difference between actual cost and that financed by the landowners. The cost of installing tile lines and constructing drains on private property was financed exclusively by the owners of the land served. Approximately 73 miles of open drains were added to the Valley system during the year, of which 60 miles were added to the District's system and will have to be maintained by the District, the difference being constructed by the District for landowners and will be maintained by the landowners. Landowners within the District also increased the mileage of tile drains on Valley farms from approximately 400 miles to 456 miles. Some indication of the work involved in the new construction of drainage facilities is as follows: New drains, 73 miles; relocating and deepening existing drains, 61 miles; grading the banks of new and reconstructed drains, 97 miles.

One of the outstanding improvements in drainage construction for the year was the construction of the large mobile pipe jack, designed primarily to install large concrete siphons under canals and beneath State highways and railroad lines. This jack was designed and built in the Imperial shops under the supervision of Master Mechanic L. V. Hess. It is made entirely of steel - 20 feet long, 5-1/2 feet wide, and 42 inches high, with a total weight of 4-1/4 tons.

The jack is operated by a 2-cylinder, 160-ton-capacity hydraulic pump and in operating pushes the heavy concrete pipe sections through the earth without the necessity of first excavating a tunnel through which this pipe could be brought. The only excavation for the job is done in order to bring the jack to the level required for the pipe, and then the remainder of the work is done by compressed air.

As an example of the savings brought about by the use of this jack, one such installation in the Niland area was made at a cost of \$450.00. Under the old method of building trestle and shoofly, an expenditure of \$1,100.00 would have been necessary. Following its introduction, changes are continually being made in the jack to secure a greater efficiency in operation.

(b) Maintenance and Improvement

In addition to the maintenance by burning weed growth in the 1,100 miles of drains maintained by the District, over 300 miles of drains were cleaned during

the year on one side and over 40 miles were cleaned on both sides. During the year, there were 35 bridges built and 49 bridges repaired; 4,000 feet of outlet pipes, 13,700 feet of crossing pipes, and 8,460 feet of waste pipes installed; 70 miles of right of ways cleared; and 36 miles of fences moved and replaced.

In April, work was completed on the channel straightening the Alamo River outlet to Salton Sea. The result of this was the lowering of the water level in the river, improving the outlet for the drains emptying into the river. This construction work involved the excavation of nearly 5 miles of new channel, as well as the straightening of the river's course as it neared the Sea. A similar program was followed on New River, with 2 miles of new channel being constructed.

It would be remiss, while speaking of drainage, not to mention the making possible of the harvesting of over 5,000 acres of rice in 1941 that was planted on marginal land that was either nearly or entirely out of production. It is expected that this enterprise will be expanded to approximately 15,000 acres in 1942 if it is possible for the District to purchase the material to carry on the drainage work necessary.

IV. POWER PROGRAM PROGRESS

(A) New Construction

The year 1941 saw the first use in Imperial Valley of power developed on the All-American Canal when Drop No. 3 Hydro Plant was placed on the line on February 23, 1941 and was followed two days later by Drop No. 4. Because of the small flow through the All-American Canal, which at that time was supplying only the East Highline Canal, the hydro plants furnished only a small portion of the system load. The last half of the year saw the hydro plants carrying practically the entire load, with the Diesel plant standing by during peaks and emergencies. The total net generation for the two hydro plants was 26,515,000 kilowatt-hours and for the Diesel plant was 12,843,000.

The continued growth of system load required an increase of capacity at Imperial Substation from 750 to 1,500 kva and at Mullett Island from 300 to 750 kva and the installation of a 300-kva transformer with auxiliaries at the Seeley switching station to serve the Army camp and other loads in that area.

During the year, the District continued the policy of making short extensions to serve new customers; however, due to the National situation, it was necessary to curtail this work during the latter part of the year. Even with these restrictions, the District constructed approximately 50 miles of line to bring power to new customers.

The District's street-lighting systems in the cities of Holtville and Calxico were increased, and new systems were installed in Niland and Heber. The District is now constructing a modern street-lighting system in Calipatria, which will be completed early next year.

The contract for construction of the transmission line from Blaisdell to Drop No. 4 on the All-American Canal was awarded in November by the Bureau of Reclamation. It is anticipated that this line will be placed in operation some time during the spring of 1942. The purpose of this connection with the Bureau of Reclamation is to deliver up to 15,000 kilowatts of firm power from Parker Dam to Imperial Irrigation District's electric system, thereby assuring an ample supply of power under all conditions.

(b) Power System

The year 1941 again demonstrated that the people of Imperial Valley appreciate having their own power system, as during the year over 1,000 new customers decided to use their own power. These new customers included residential, commercial, and industrial power users. Among the larger commercial and industrial customers connected this year were the Barbara Worth Hotel, Golden State Creamery, Medical-Dental Building, M. O. King Company, Imperial Hardware Company, Security-First National Bank, and International Food Market, all in El Centro; the Imperial Rice Mill in Imperial; and the International Food Market in Brawley. In addition to these new customers, the Dry Ice Plant at Mullet Island more than doubled its capacity, and the Pacific Portland Cement Company at Plaster City also doubled usage of electric energy.

The following tabulation shows the continued growth throughout the year:

Number of Customers December 31, 1940	10 228
Number of Customers June 30, 1941	10 614
Number of Customers December 31, 1941	11 280

Or a total increase during the twelve months' period of 1,052, or about 10 per cent.

The growth in the number of customers was paralleled by an equally impressive growth in sales. The total sales for 1941 amounted to 32,605,000 kilowatt-hours, for which the consumers were billed \$801,000; total sales for 1940 amounted to 26,028,000 kilowatt-hours, for which the consumers were billed \$708,000. This shows an increase of approximately 21 per cent in kilowatt-hours and approximately 13 per cent in billing for the year 1941 over 1940.

(c) Special Activities

Collection Contest. A collection contest between the seven power divisions was inaugurated in July, 1941. A point-scoring system was devised, based on collection percentages from power bills, EHFA equipment contracts, I.I.D. contracts, and electrical bills collectible.

Each month the division with the highest number of points has its name inscribed on the plaque, which has been secured for the contest, and is allowed to keep the plaque for a month; the division with the largest total number of points for the twelve months will be given permanent possession of the plaque.

Competition for the monthly award has been very keen, with a resultant decrease in delinquencies in each collectible item; and collection percentages were the highest since the District entered the power business. Power collections for the year were 100.6 per cent of billing.

Cooking Schools. Two-day cooking schools were held in Brawley and El Centro, and one-day schools in Calexico and Calipatria. Although this schedule was one day less in each city than in 1940, the total attendance of 3,500 ladies was over the previous year's gross attendance mark.

Miss Anna Lee, famous home economist and food expert, conducted the schools; and, judging from letters and comments received from many who attended, she presented the most interesting and educational schools the District has ever sponsored.

These schools are a major factor in increasing the use of electricity around the home and acquainting the power users with facts relative to the District's power program.

Organization Meetings. Starting September 19, 1941 with a mass meeting of all men employees of the District, at which nearly 600 employees were present, a series of organization meetings designed to secure the active and united efforts of the entire District organization in promoting the power program was inaugurated.

The September 19 meeting was followed by a mass meeting of the wives of employees and all lady employees and friends on September 25, which was attended by 400.

After that a series of meetings in each division and headquarters department was carried out. These meetings have continued and will be a definite part of the coming year's program.

That the work so started is bearing results can be verified by the customer count. A net gain of 544 customers was shown since the September 19 meeting, or more than half of the 1,052 recorded for the full year.

V. LEGAL DEPARTMENT

(a) Diversified Duties

The work of the Legal Department of Imperial Irrigation District for the year 1941, in brief, has been as follows:

Eighty-three quiet title actions were filed during the year. In some cases single pieces of property were involved and in others several parcels. Two of these quiet title actions involved several thousand acres, and there were over one hundred defendants necessary to serve. During the year, fifty quiet title actions were completed and during the first part of 1942 several more cases will be completed which were commenced in 1941.

The Legal Department has also been called upon to handle collections for delinquent accounts in connection with water bills and delinquent power bills and has handled innumerable matters having to do with contracts relative to power and water.

The Legal Department also has handled several hundred matters of a legal nature in which no court appearances were necessary.

In addition to the foregoing, the District's Composition proceeding involving its bonds and registered warrants was brought to a successful conclusion in the District Court and the Findings and Interlocutory Decree entered. An appeal has been taken and the record in the trial Court settled and the matter of the docketing of the record is now pending in the United States Circuit Court of Appeals.

This office also appeared, through preparation of an amicus curiae brief, in the cases of Davis vs. East Contra Costa Irrigation District and Powers Farms, Inc., vs. Consolidated Irrigation District, which cases were brought to a successful, final conclusion in the Supreme Court of California favorable to the position of irrigation districts.

In connection with the Irrigation Districts Association work, the usual run of legislative work in the scrutinizing of bills and in the preparation of other bills affecting irrigation districts was attended to.

In the case of Hatch and others against the Imperial Irrigation District and the City of El Centro, which case involves claims arising out of the cloudburst of September, 1939, has been brought to issue by the complete investigation and preparation of the matter for trial and the filing of answers therein.

A detailed study in connection with the All-American Canal and its operation has been made; and, from these studies, it has been established that no detrimental effect exists in the Bard or Indian Reservation area.

Studies have been made in connection with the progress having to do with matters relating to operations in Mexico and negotiations with the Government of Mexico relative to the future of that problem.

An application was made by the State of Arizona for a license from the Federal Power Commission at Bryce Canyon, and this matter has been studied and preparation made for the hearing.

Additional matters resulting from various State and Federal regulations have brought about numerous problems and matters requiring the attention of this office. Among the same are the following:

The matter of obtaining priorities for the District for various materials;

The matter of obtaining export licenses for the District to take materials to Mexico which were needed;

Federal studies of drainage and storm water problems;

Leasing and sale of District and State tax deeded properties;

Cancellation of Riverside County taxes on Irrigation District properties in the Salton Sea area, located in Riverside County;

Earthquake damage and cloudburst damage matters;

Federal Securities and Exchange Commission regulations;

The new airport west of Imperial for Government purposes;

Salton Sea Coast Guard and Naval Base;

Requirements of Federal licenses for the District under Regulation W;

1941 Revenue Act problems, with particular relation to the District's exemptions thereunder;

Border crossing permits for District employees;

United States Government license to deliver water in Mexico under the Alien Enemy Act;

Regulations concerning tire limitations and restrictions.

In addition to the foregoing, it has become increasingly apparent that extreme care and a great deal of time is and will be required in determining applicable

State and Federal regulations to matters that might not seem to be involved so far as the District is concerned, but which do require applications, licenses, permits and reports.

(b) Code Work

Several weeks were spent with the draftsmen of the California Code Commission in the codification of the irrigation district laws as a part of the new Water Code of California.

VI. ALL-AMERICAN CANAL

(a) Operation

The close of 1941 found the All-American Canal in full operation from the intake at Imperial Dam to the Ash Canal, about four miles east of Calexico. From that point to the West Side Main, water was running through the Canal but that section was not serving all of the canals that eventually will be served from it, such as the Briar, part of the Central Main, Wistaria, and Woodbine.

The operation of the Canal was carried on by the Bureau of Reclamation throughout the entire year of 1941. Seepage problems in the East Highline area of the All-American Canal caused trouble for a short period of time last year, but now the problem has been overcome by the installation of drainage canals paralleling the All-American. This work was done by the Bureau of Reclamation. The parallel canal carries excess seepage water and empties into the drainage system of the District in that vicinity.

In August, the Bureau of Reclamation issued a statement that excavating on the Coachella branch of the All-American Canal had been completed for approximately half of the 130-mile course of the waterway.

(b) Bard Area Investigation

The ground water observations carried on by means of test wells in the Bard area inaugurated in September, 1940 were continued throughout 1941. Regular readings were taken from which time curves were plotted showing the water elevation in all of the test wells. The Bureau of Reclamation has also constructed some parallel drainage canals which the time curves of the water elevations in the test wells show very effective. As a result of these observations, it is easy to ascertain the improved conditions in the Bard area and definitely show at this time that water in the All-American Canal is causing no damage. A parallel drain to the All-American Canal in the Indian reservation is also contemplated.

(c) North End Improvement Plan

The District has proceeded on this project by constructing the deep Vail drainage canal and also deepening and relocating the lateral drains in the Vail system which have their outlet into this canal. The District has also proceeded in acquiring right of ways for the relocation of the drainage canal between the Highline and Alamo River to make way for the construction of a new supply canal from the Highline westerly to connect with the Vail system.

It has been hoped that the District would be able to get the Bureau of Reclamation to do this work in connection with the All-American Canal project;

however, at this time it seems questionable whether they will do the work without insisting on a Modification of the All-American Canal contract which the Board of Directors of the District considers would not be for the best interest of the people of Imperial Valley.

VII. EAST MESA

The field survey of the first unit of the East Mesa, as we understand it, involving approximately 40,000 acres, was completed in 1941 and the data forwarded to Denver.

Twenty years ago it was determined that the East Mesa was probably the largest single block of land that could be served by gravity water for agricultural purposes, and it was approved for agricultural development before the authorization of the construction of the All-American Canal. However, it was decided by the Bureau of Reclamation that an additional soil survey should be made before proceeding with the development. We are advised at the close of the year that 70 per cent of the field work had been done on the survey and that the work would proceed until completed, which will probably be some time in April, 1942.

A considerable amount of laboratory work will be necessary after the field work has been completed. The progress that it will be possible to make on this project during the war is very uncertain.

VIII. COLORADO RIVER BOARD

The Colorado River Board during the calendar year 1941 held a total of fifteen meetings. The principal activities of the Board were the continuation of its study and the mapping of a program to protect California's water contracts. Involved in this work were discussions and study of various transmountain diversions from the Colorado River in the Upper Basin as well as the continued construction and development of the Yuma Gila Project in Arizona.

The committee, appointed by the Committee of Fourteen, that was designated to study the report on the aspects of the Arizona Bridge Canyon power application prepared a bill for submission to the Arizona legislature. This bill, if passed, would have bound Arizona to the provisions of the Colorado River Compact and Boulder Canyon Project Act. The bill was voted down by the Arizona legislature.

A great deal of time of the Commission was spent in studying and discussing various water and power authority bills introduced in Congress in the last session.

In connection with the study of the various authority bills, Mr. Arvin B. Shaw, Jr., Deputy Attorney General, representing the Chairman, was asked to attend the conference to be held in Denver, February 3, called by Governor Carr of Colorado. Mr. Shaw was asked to attend this meeting as an observer and not to take any position but bring back to the Colorado River Board the viewpoint of the various representatives present at the meeting. It was Mr. Shaw's opinion that the then recent decision of the United States Supreme Court in the New River case was of much greater importance to California's interests in the Colorado River than the various authority bills that were discussed and in particular the Arkansas authority bill which was opposed by the representatives at the meeting.

Mr. Kenneth I. Fulton, former Secretary to Governor Olson and at present Administrator of Natural Resources of the State of California, started to attend Board meetings in April, 1941, as an observer for the Governor.

In May, a meeting of the Committee of Fourteen was called in Salt Lake City to consider the matter of a treaty with Mexico involving the water of the Colorado River. Members attending this meeting were advised that the State Department did not wish any publicity but desired an expression from the Colorado River Basin states as to their attitude towards the United States State Department holding conferences with representatives of the Republic of Mexico involving apportioning water of the Colorado River to that Republic.

The Chairman and Mr. Shaw were authorized to attend a meeting of a subcommittee of seven of the Committee of Fourteen, in Washington, D. C., for discussion of the above subject. The committee took the position that there could be no objection to holding conversations regarding the apportioning of water to Mexico as long as it did not exceed 750,000 acre feet per annum.

It was brought to the Board's attention, the early part of July, testimony of John C. Page appearing before the Senate and House Appropriations Committee in Washington on the Interior Appropriation Bill, that he was seeking appropriations for work extending the Gila Canal to give service to the Wellton-Roll area. We were concerned to know if this would be considered as adding to the first unit or as implying a commitment on the part of the Bureau of Reclamation to development of the entire second unit or any further units of the project. The Board considered that this would decidedly endanger California's contracted water rights and instructed the Chairman to direct a letter to Mr. Page asking several specific questions, some of the most important being whether he felt committed to the full development of the second unit of the Gila, what acreage was involved, and what his breakdown was of apportionment of water on the lower river. Also, if there was any contract between Arizona and the Secretary of the Interior or any agency in Arizona and the Secretary of the Interior, for the delivery of water from Boulder Dam. The answer of the Commissioner in regard to the question of contracts was not clear as to whether there were contracts in existence and not available to the Board or whether there were no contracts in existence. We are trying at this time to clear this question and also the one involving the breakdown in apportioning water of the lower river if any exists.

During the year, Mr. Ault, the San Diego representative, passed away and Mr. Fred Simpson, a member of the City Council of San Diego, was appointed to fill the vacancy on the Board.

Mr. Hewes was reelected Chairman of the Board for the ensuing year.

The engineers, acting as advisors to members of the Board, in July called to the Board's attention the storage at Boulder Dam and the damage possible to projects on the lower river unless the Bureau of Reclamation increased the release of sufficient water to provide storage for the spring floods of 1942. A program was worked out and agreed to by the engineers serving on this Committee and discussed with the Bureau of Reclamation officials in Denver. The releases recommended by the Committee have been carried on by the Bureau, the result being the lowering of the water in Mead Lake by 31.4 feet, representing 3,675,000 acre feet storage capacity, to take care of spring floods as of December 31, 1941.

The close of the year found the Board taking a lone position at the Committee of Fourteen meeting in October opposing the approval of Bridge Canyon application for Arizona.

November 17, two resolutions were passed which represented the crystallization of discussions carried on throughout the year which, in the opinion of the Chairman, constituted, in principal, a reaffirming of the purposes which the Board was organized for, to wit: That the Board will resist any Colorado River Project which may jeopardize California's Colorado River water contracts. That Arizona's Bridge Canyon Project should be opposed because it tends to endanger the safety of California's Colorado River Contracts by permitting a continuation of what we regard as outlaw development on the River by Arizona.

Attorney Shaw was authorized to draft "a cause of intervention" to file with the Federal Power Commission at the hearing in Phoenix called for January 12, 1942.

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The history of the District's operations for the year 1941 has been recorded. I feel that the record definitely proves that an important milestone was reached and passed successfully. This was made possible by the confidence and cooperation of the people of the Valley with their organization and by the unstinting labor and devotion of the personnel of the organization. I sincerely thank and express my appreciation to the members of the Board of Directors, the elective officers of the District, the personnel of the organization, and the people of the Valley.

Respectfully submitted,

EVAN T. HEWELS
President of the Board

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W. H. Hagg

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1943

IMPERIAL IRRIGATION DISTRICT
ANNUAL REPORT BY THE PRESIDENT OF THE BOARD OF DIRECTORS
JANUARY 1, 1943

DIRECTORS

Evan T. Hewes, President of the Board
Charles Morrow W. J. Gregg
B. F. Grubel Mark Rose

ASSESSOR--COLLECTOR

W. A. McFadden

SECRETARY

W. W. Goodson

TREASURER

Anna T. McManus

El Centro, California
January 1, 1943

To the
Board of Directors and
All Persons Interested in
Imperial Irrigation District

The President of the Board of Directors submits herewith a review of District operations and progress for the year ending December 31, 1942.

Discussion of this twelve-month record will center about these topics:

- I. FINANCIAL
 - (a) Statement of Condition
 - (b) 1942-43 Assessment and Budget
 - (c) Assessor-Collector's Office
 - (d) Treasurer's Office
 - (e) Refunding Plan
 - (f) Auditor's Report
- II. MAINTENANCE AND OPERATION
 - (a) General Comment
 - (b) Weed Control
 - (c) Emergency Operations
- III. DRAINAGE CONSTRUCTION, MAINTENANCE AND IMPROVEMENT
 - (a) Construction
 - (b) Maintenance and Improvement
- IV. POWER PROGRAM
 - (a) Construction and Improvements
 - (b) Consumer Increase
- V. LEGAL DEPARTMENT
 - (a) Diversified Duties
 - (b) Water Code Review
- VI. ALL-AMERICAN CANAL
 - (a) Operation
 - (b) Bard Area Investigations
 - (c) North End Improvement Plan
- VII. EAST MESA
 - (a) Development Prospects
- VIII. COLORADO RIVER
- IX. CONCLUSION

FOREWORD

We are writing the record of the District's first war year operations. Imperial Irrigation District operated the Main Canal System during World War No. 1, the distribution system being operated by mutual water companies. The District at that time was not engaged in generation and distribution of electric power. Emphasis is made on war time operations because in the following pages of this report it will be shown operations have been curtailed, delayed or stopped, by Government orders, for the duration. Other milestones have been passed with no recognition because the organization and the people of the District are carrying the burden of total war.

There were no changes in the elective officials of the District during the year 1942.

The Board of Directors of the District in May, 1942, caused a reorganization of the operating department. The new position of Consulting Engineer was created and Mr. M. J. Dowd promoted to said office. The post of Chief Engineer and General Superintendent, formerly held by Mr. Dowd, was abolished. Evan T. Hewes, President of the Board and Executive Superintendent, was given authority over all departments, to supervise the execution of policies and rules and regulations established by the Board.

A major change in the District organization was the segregation of all operations and maintenance of the Compania de Terrenos y Aguas de la Baja California in Mexico from the Imperial Irrigation District. The District, no longer using any of the facilities in Mexico, after March 1942, operated the Mexican Company exclusively from revenue derived in Mexico, and charged the Company a service charge for use of the facilities at Rockwood, Hanlon and the old Alamo Canal, for delivering water to the Mexican Company at the International Boundary. Walter K. Bowker, Jr., who had previously served as Superintendent of the Mexican Division, was appointed General Manager of the Compania to conform with the requirements of Mexican law.

Another objective reached was the acceptance of full responsibility for levee protection work in Mexico along the Colorado River, by the Mexican Irrigation Commission.

Delays during the year prevented our financial reorganization litigation from going to trial in the United States Circuit Court in San Francisco, until December 9, 1942. The District, however, continued to operate under its reorganization plan which has the approval of the United States District Court.

On February 13, 1942, the District, for the first time, received its entire water supply through the All-American Canal. Prior to this date part of the water was still being supplied through the old Alamo system in Mexico. The change-over increased the flow of water through the All-American Canal sufficient to operate both of the hydroelectric plants to meet the District's electric power requirements,

The Drainage Committee, organized in 1941, consisting of one representative each of the Department of Soil Conservation Service, the Farm Credit Administration of the United States Department of Agriculture, and the Imperial Irrigation District, continued its study of the drainage problems of the District. We believe this study has progressed to the point where a great value will result to the District.

The progress of drainage construction and improvements, and the sound financial condition of the District, made possible by operating under our general obligation reorganization plan, resulted in new loans being made by the Federal Land Bank and by outside insurance agencies, for the first time in over a decade.

The transition period anticipated by the District involving changing from handling silt laden water previous to the use of the All-American Canal, to clear water, developed very rapidly during the year 1942. During the latter part of 1941, the District inaugurated a program to meet this situation. Structures were placed in the Central Main Canal to take up the grade and the cross-section was widened to slow down velocity of the water to stop erosion. This work was continued on the Central Main Canal and also on the East Highline. Similar operations will be carried on during the year 1943 on the West Side Main and on small distribution canals. Eventually, practically all of the entire seventeen hundred miles of canals in the District system will have to be changed to meet the requirements of clear water.

Flood erosion problems that have been studied for years without a permanent solution being arrived at, were advanced at a hearing held in Brawley on January 7, 1942, by Colonel Edward C. Kelton, Los Angeles District Engineer for the United States Corps of Engineers. At this meeting the Imperial Irrigation District presented evidence in the form of storm losses and erosion over the past fifteen years. We hope to receive a favorable report during the war period, so this project can be used as a post war enterprise.

The Nation's requirements for war materials caused a freezing of competition between the District and the California Electric Power Company in April 1942. New power business that the District was allowed after April 1942, was limited to military camps as follows: Camp Dunlap, Niland; Navy Seaplane Base at Sandy Beach; and the El Centro Airport near Seeley, plus a small amount of power connections allowed by WPB.

The District did not receive any power from the Bureau of Reclamation during the year 1942. Congressional action necessary to permit construction of the line across the Indian Reservation in the Bard area has been signed by the President, and with all material on the ground, it is anticipated that the project will be finished during the early part of 1943.

1942 was a critical year for the Imperial Irrigation District in protecting its water rights and contracts for water on the Colorado River. Allocation of too great a quantity of water from the Colorado River to other areas may result in overcontracting such waters. The greatest asset of the Imperial Irrigation District, that we must be diligent in protecting, is our water. Credit for the success in protecting our position in 1942, should be given to Mr. M. J. Dowd, Consulting Engineer for the District, and Arvin B. Shaw, Jr., Counsel for the Colorado River Board of California.

The war year closing December 31, 1942, found the District cooperating in every way possible with the war program. The organization continued directing the volunteer air raid warning signal stations of the Valley.

We have mentioned some of the outstanding points of interest in connection with the District's operations of the past year. These and other subjects equally as important will be discussed in more detail in the pages that follow.

I. FINANCIAL

(a) Statement of Condition

The District reduced its General Bond and Warrant indebtedness in 1942 by \$246,187.35, which was the face value of Securities purchased for \$234,100.15, or at a saving to the District of \$12,087.20. This saving was made possible by the District's operating under the Refunding Plan which permits the District to buy its General Obligation Securities on the open market at the low dollar, instead of paying face value.

The Power Bond indebtedness was reduced \$101,000.00, but the District borrowed \$28,335.00 on revenue warrants from the Bank of America, thus making the net reduction on Power indebtedness \$72,665.00.

The money borrowed from the Bank of America is part of a \$200,000.00 line of credit at 3 per cent interest payable from electric revenue, to purchase materials to supply electricity to the military camps in the Valley and to comply with a request made by WPB to arrange for a tie-in with the California Electric Company at Drop 4, to permit an interchange of power between the two systems. This tie-in has not been made; therefore the credit was not used.

The following table prepared by Treasurer Anna T. McManus gives the detailed figures:

BOND AND WARRANT INDEBTEDNESS

	Total Securities Dec. 31, 1941	Securities Purchased Face Amount	Amount Used to Purchase Securities	Savings to District in Purchase	Total Securities Dec. 31, 1942
Warrants \$	816 823 20	\$ 78 687 35	\$ 75 255 90	\$ 3 431 45	\$ 738 135 85
Bonds	13 985 500 00	167 500 00	158 844 25	8 655 75	13 818 000 00
	\$14 802 323 20	\$246 187 35	\$234 100 15	\$12 087 20	\$14 556 135 85

POWER REVENUE BONDS

Total Securities Dec. 31, 1941	Power Revenue Warrants Issued 1942	Securities Retired Face Amount	Total Securities Dec. 31, 1942
\$3,189,000.00	\$28,334.61	\$101,000.00	\$3,116,334.61

Important factors influencing the District's financial condition during the year are outlined as follows:

1. Water revenue increased \$339,000.00 over 1941. This increase was because of a 25 per cent increase in price the first half of this year over the first half of last year and a similar increase the last half of this year over last year, and a lack of rain.

2. Increased cost of all materials and supplies, primarily because of the war system of rules and regulations required,

3. A general increase in employees' salaries that cost the District over \$150,000.00 more in 1942 than in 1941, and over \$300,000.00 more for 1942 than for 1940.

All District operations were on a cash basis with the exceptions of the major military extensions heretofore mentioned.

The Irrigation Operating Fund balance of the Cash and Fund Balance Sheet shows an increase of over \$440,000.00.

Increased income from sale of land, water, rock and equipment at Andrade, as well as not being able to purchase equipment and materials, is responsible for the increase of cash on hand.

The total charges made by the District to the landowners and water users in 1942 in excess of 1940 were less than 14 per cent, or about \$280,000.00, but the District had to meet one cost alone of over \$310,000.00 which was an increase in salaries.

The Board's policy calls for creating reserve funds from unexpended budget balances to purchase new equipment when available.

There were no major emergencies in the Irrigation Division in 1942; therefore, the District was not obliged to draw on its Emergency Fund.

The Power Division experienced one major emergency, caused by the wind and rain storm in August, although the loss of revenue and cost of repairs were not large as damage was mostly rural.

Power Cash Balance shows an increase of \$120,000.00, and Power Bond Reserve Fund \$33,000.00. Although the WPB froze competition with the California Electric Power Company in April, the District increased its power sales over \$90,000.00. The Power Division also had an increased operating cost because of the war, in form of guards and watchmen and increase in salaries, but by reducing personnel, made possible by freezing of competition and by the hydro plants in operation saving fuel oil, we were able to offset the loss of new revenue and actually increase over last year our net revenue over expenses.

The Cash and Fund Balance Sheet attached shows the District's going into the year 1943 in a strong financial condition but with equipment and personnel showing the results of war conditions.

The Cash and Fund Balance Sheet and the Revenue and Expense Statement herewith attached show in greater detail the financial condition of the District December 31, 1942.

CASH AND FUND BALANCES
DECEMBER 31, 1942 AND DECEMBER 31, 1941

	December 31 1942	December 31 1941	Increase or Decrease*
<u>IRRIGATION FUNDS: (Irrigation)</u>			
End Balance	\$ 541 586	\$ 104 345	\$437 241
Payments Collected for Following Year	122 366	117 677	4 689
Total Fund Balance	\$ 663 952	\$ 222 022	\$441 930
<u>DEBTATION BOND AND WARRANT FUNDS:</u>			
End Balance	\$ 149 335	\$ 237 104	\$ 87 769*
Unpaid Matured Principal and Interest	405 418(a)	483 737(a)	78 319*
End Balance	\$ 256 083**	\$ 246 633**	\$ 9 450*
Payments Collected for Following Year	443 148	391 597	51 551
Total Fund Balance	\$ 187 065	\$ 144 964	\$ 42 101
<u>HAZARD FUND:</u>			
End Balance	\$ 151 175	\$ 257 493	\$106 318*
Payments Collected for Following Year	91 830	81 149	10 681
Total Fund Balance	\$ 243 005	\$ 338 642	\$ 95 637*
<u>DAM CONTRACT FUND:</u>			
End Balance	\$ 132 373	\$ 128 043	\$ 4 330
Check Issued for Dec. 31 Installment	83 922	83 939	17*
End Balance	\$ 48 451	\$ 44 104	\$ 4 347
Payments Collected for Following Year	45 952	40 674	5 278
Total Fund Balance	\$ 94 403	\$ 84 778	\$ 9 625
<u>ILLANOUS IRRIGATION FUNDS:</u>			
End Balance	\$ 147 074	\$ 41 393	\$105 681
Payments Collected for Following Year	30 757	27 050	3 707
Total Fund Balance	\$ 177 831	\$ 68 443	\$109 388
<u>REVENUE FUNDS:</u>			
End Balance	\$ 169 106	\$ 48 415	\$120 691
General Fund	-	-	-
Total Fund Balance	\$ 169 106	\$ 48 415	\$120 691
<u>BOND FUNDS:</u>			
End Balance	\$ 278 978	\$ 247 123	\$ 31 855
Unpaid Bonds Maturing January 1 of the following Year	83 000	83 000	-
Unpaid Interest Maturing January 1 of the following Year	57 886	59 684	1 798*
Total Fund Balance	\$ 138 092	\$ 104 439	\$ 33 653
<u>ILLANOUS POWER FUNDS:</u>			
End Balance	\$ 19 464	\$ 14 807	\$ 4 657
in January	953	1 702	749*
Total Fund Balance	\$ 18 511	\$ 13 105	\$ 5 406
 TOTAL FUND BALANCES	 \$ 957 912	 \$ 366 661	 \$591 251
Payments Collected for Following Year	734 053	658 147	75 906
TOTALS	\$1 691 965	\$1 024 808	\$667 157

Includes Interest Maturing January 1 of the Following Year
Decrease
Deficit

IMPERIAL IRRIGATION DISTRICT
COMPANIA DE TERRENOS Y AGUAS DE LA BAJA CALIFORNIA, S.A.
CONSOLIDATED REVENUE AND EXPENSE STATEMENT
JANUARY 1 TO DECEMBER 31, YEAR 1942

		Compañia de T. y A.		
		Imp. Irrig. Dist.	Irrig. U.S.	Irrig. Mex.
	Consolidated	Power Div.		
REVENUE				
OPERATING REVENUES:				
Collected Revenue from:				
Current Year Assessments	\$1 289 115		\$1 289 115	
Penalties and Costs	5 783		5 783	
Redemptions of Delinquent Assessments	139 418		139 418	
Interest Collected on Redemptions	15 694		15 694	
Total Collected by Assessor-Collector	\$1 450 010		\$1 450 010	
Value of Land Held under Assessment Deed	240 929		240 929	
Equivalent of Current Assessments on Tax Deed Land	66 452		66 452	
Value of Land Held under Assessment Deeds	46 465		46 465	
Interest on Land Sales Contracts	14 195		14 195	
Total Revenue Derived from Assessments	\$1 818 051		\$1 818 051	
Water Sales	1 111 899		910 154	\$201 745
Service Charges	49 015		49 015	
Power Service Charges	3 989		3 989	
Mexican Government's Share of Cost of Water Delivered at Boundary	60 862			60 862
Landowners' Share of Drainage Construc- tion Costs	36 822		36 822	
Sales of Rock from Andrade Quarry	41 900		41 900	
Value of Buildings	7 122		7 122	
Value of Operative Land	1 276		1 276	
Value of Equipment	2 134		2 134	
Water Sales:				
Residential or Domestic Sales		\$294 749		
Rural Sales		186 905		
Commercial and Industrial Sales		335 243		
Public Street and Highway Lighting		6 625		
Other Sales to Public Authorities		69 601		
Interdepartmental Sales		21 725		
Less Provision for Sales Discounts		32 936*		
Total Power Sales	881 912	\$881 912		
Value of Water Delivered at Boundary (Inter-Div.)			119 341	
Miscellaneous Revenue	19 877	8 847	9 966	1 064
TOTAL OPERATING REVENUES	\$4 034 859	\$890 759	\$2 999 770	\$263 671

duction

	Consolidated	Imp. Irrig. Dist. Power Div.	Irrig. U.S.	Compañía de T y A. Irrig.Mex.
Total Operating Revenue (Brt. Fwd.)	\$4 034 859	\$890 759	\$2 999 770	\$263 671
OPERATING REVENUE DEDUCTIONS:				
Operating Expenses:				
Operation and Maint. of Irrig. System	\$1 301 891		\$1 179 840	\$122 051
Operation and Maint. of Power System:				
Production Expenses		\$110 528		
Transmission Expenses		18 269		
Substations' Expenses		16 267		
Distribution Expenses		112 102		
Rentals		8 954		
Accounting and Collecting Expenses		70 980		
Sales Promotion Expenses		24 818		
Administrative and General Expenses		92 514		
Total Power Operation and Maint.	454 432	\$454 432		
Expense of Tax Deed Land Sales and Rentals	28 837		28 837	
Uncollectible Accounts	10 368	9 491	877	
Losses on Obsolete Stock and Equipment	6 925		6 925	
Miscellaneous Expenses and Losses	10 252		10 244	8
Cost of Water Received at Boundary - (Inter-Div.)				119 341
Total Operating Expenses	\$1 812 705	\$463 923	\$1 226 723	\$241 400
Depreciation of:				
Equipment and Facilities	20 814		17 678	3 136
Buildings	18 152		16 984	1 168
Power System	143 940	143 940		
Total Depreciation	\$ 182 906	\$143 940	\$ 34 662	\$ 4 304
Amortization of Canal System and Pro- tective Works in Mexico	\$ 145 555			\$145 555
Taxes	1 997		\$ 1 294	703
Total Operating Revenue Deductions	\$2 143 163	\$607 863	\$1 262 679	\$391 962
Net Operating Revenues	\$1 891 696	\$282 896	\$1 737 091	\$128 291*
OTHER INCOME:				
Interest - Coachella District Contract	\$ 3 501		\$ 3 501	
Interest on Bank Deposits	3 560		3 560	
Interest on War Savings Bonds	1 667	\$ 1 667		
Total Other Income	\$ 8 728	\$ 1 667	\$ 7 061	
Gross Income	\$1 900 424	\$284 563	\$1 744 152	
INCOME DEDUCTIONS:				
Interest on District Bonds	\$ 696 859	\$116 020	\$ 580 839	
Interest on Registered Warrants	40 491	115	40 376	
Expenses of Second Refunding Plan	7 757		7 757	
Total Income Deductions	\$ 745 107	\$116 135	\$ 628 972	
NET INCOME	\$1 155 317	\$168 428	\$1 115 180	\$128 291*

Profit

(b) 1942-43 Assessment Budget

The District assessment for 1942-43 was set at \$3.75 per \$100.00 valuation, or a reduction of two cents under the previous four years.

The 1942-43 assessed valuation totaled \$37,684,913.00, or a decrease of \$342,967.00 from the 1941-42 assessment. After providing for an estimated 15 per cent delinquency required by law, Directors had a net assessed valuation of \$32,032,176.05 with which to work. A rate of \$3.75 per \$100.00 assessed valuation would raise \$1,200,201.00, which is \$17,600.00 less than the amount required to be raised from the 1941-42 assessment.

After allowing for the 15 per cent delinquency required by law, the \$3.75 rate should raise the following amounts:

For Redemption Fund to pay interest on Bonds and Warrants and provide for their retirement	\$725 000 00
For Drainage Fund	150 000 00
For Emergency Maintenance and Operation	50 000 00
For Annual Installment on Laguna Dam Contract	75 000 00
For Operation and Maintenance	200 201 10

This total is over \$17,000.00 less than that of a year ago.

(c) Assessor-Collector's Office

The equalizing system of land values inaugurated by W. A. McFadden, Assessor-Collector, and recorded by map with the valuation of each piece of land shown, was continued through 1942. The valuation map system simplifies a very complex problem as it permits a landowner to see a comparison of all valuations of the District, while at the same time it is very inexpensive, as all that is required to change the valuations when necessary is to simply change the figures. Mr. McFadden states that by his system of checking and comparison he has arrived at the most equitable valuations possible.

The total equalized valuation of \$37,684,913.00 is the total valuation of all land within the boundaries of the District that is assessable.

The elimination from the Assessor's rolls of non-income delinquent land saves money by removing the cost of advertising and gives a truer picture of the District's assets. The delinquency for the 1941-42 assessment, September 8, 1942, showed a further decrease from last year. The September 8, 1941 delinquency was 10.98 per cent, while the September 8, 1942 delinquency amounted to 10.02 per cent.

Every four years all work sheets of this office have to be worked over. This involves over 21,000 sheets and is accomplished by the regular office force without incurring extra expense.

An improved new correspondence file has been installed with the initial file of one year of over 1,000 separate letter files, many of which contain ten or more letters. All letters of inquiry are answered, based on data and records available in this office.

The improved methods of operation heretofore mentioned are some of the reasons why the cost of running this office has been reduced from \$37,000.00 in 1937 to \$26,000.00 in 1942, despite the higher costs of labor, materials, and supplies.

Collections for the first half of the 1942 year show a new high with a delinquency of only 12.54 per cent, compared with 14.62 per cent for the corresponding period in 1941.

(d) Treasurer's Office

This office was administered by your Treasurer, Miss Anna T. McManus, with one assistant part of the time and part of the time with no extra help.

In addition to the regular bookkeeping required in this office, the following business was handled:

39,845 bonds, coupons and warrants, involving an expenditure of	\$1 110 019 14
Cashier, pay roll, warrant interest, Laguna Dam, Compania pay roll and expense checks, amounting to 29,741 checks and involving an expenditure of	3 226 146 93
Total expenditure	<u>\$4 336 166 07</u>

Interest collected on bank deposits amounted to	\$ 3 562 00
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(e) Refunding

Our refunding case was argued before the United States Circuit Court in San Francisco, December 9, 1942, and we are awaiting action by that court. The many delays in bringing the case to trial have been very irritating although they have been caused by illness and death among those opposing the plan and were unavoidable. However, since last year's report, many additional bonds have been deposited. There remains a total of only \$245,000.00 of bonds holding out, of the \$14,250,000.00 involved in the Plan. The \$245,000.00 in bonds that have not been deposited under the Modification of Refunding Plan include \$164,000.00 of original bonds which have not been exchanged for refunding bonds and \$81,500.00 in refunding bonds which have not been deposited under the Modification of Refunding Plan.

There remains only \$5,114.76 in warrants that are not deposited under the plan.

Some of the values of the Refunding were heretofore set forth in the table under the heading, "Statement of Condition."

(f) Auditor's Report (Completed in April, 1942, covering 1941 operations)

Operations of the Imperial Irrigation District for 1941, including the United States Division, the Mexican Division, and the Power Division, yielded a net operating surplus of \$486,034.30, an increase of \$2,395.67 over 1940.

Although the United States water division and the power division recorded substantial profits for the year, neither reached the totals marked up in 1940. However, the Mexican Division showed a deficit that was \$135,034.95 less than that of the preceding year. The large difference in the amount of operating

losses between the two respective years results from the fact that during 1940 an amount of \$175,937.49 was expended for repairs of earthquake damage. Total water sales for the year in the Mexican Division amounted to \$195,322.94, as compared with sales of \$213,383.91 in 1940. Decrease in these sales was caused by the large amount of rain that fell during the first part of 1941, in which the water sales were comparatively small.

Operations for the year of the United States Irrigation Division resulted in a net profit of \$436,569.88, as compared with a net operating profit of \$667,028.66 for the previous year. The greater part of the decrease in net revenue was caused by an increase in the expenses of financing the Refunding Plan and the expenses of operation and maintenance of the irrigation system. The major part of the increase in the operating cost was due to the general increase in the District's pay roll which was made effective in July, 1941. The water revenues of the District for the year decreased in an amount of \$22,728.10, despite the fact that the water rates were subjected to an increase of 25 per cent in July of 1941. The decrease in water delivered during the year amounted to approximately 70,000 second feet, because of the large amount of rains received in the Valley during the first four months of the year in which the water deliveries were very low. Another large item of increase in the expenses was the general overhaul and repair of earthquake-damaged Rositas Dam, at a cost of approximately \$40,000.00.

Net profit earned by the power division for the year amounted to \$51,491.96, which was \$2,180.70 less than the \$53,672.66 recorded for the preceding year. The ordinary operating income of the Power System shows a substantial increase in 1941, but this increase was offset by the fact that approximately \$45,000.00 of the interest on the bonded debt had been charged against construction in the previous year, while in 1941 the entire amount was charged to operating expenses. The total power sales showed an increase of approximately \$90,000.00 for the year, the sales in 1941 being \$826,291.01 as compared with sales of \$738,555.97 in 1940.

Total revenue for 1941 from land and water, including the Mexican Division, was \$2,495,211.26, an increase of \$28,436.31 over the 1940 figure of \$2,466,774.95. Revenue from water sales in Mexico showed a decrease of \$18,060.97, for reasons as previously outlined. Assessment sources yielded a revenue total of \$1,258,651.22 current and \$264,818.13 delinquent, a total of \$1,523,469.35, which was an increase of \$54,224.88 over 1941, while water sales in the United States showed a decrease of \$22,728.10 during the year.

Total expenses for executive and administrative processes for 1941 were \$360,847.65; operation and maintenance of the entire system, water and power, recorded a total expenditure of \$1,395,509.06; total financial costs amounted to \$791,798.91.

The auditors stated under "General Comments" that "Another major improvement in the accounting records of the District inaugurated during the year was the manner in which past due accounts receivable are handled. A definite program of collection and enforcement is being followed, including litigation when necessary."

II. MAINTENANCE AND OPERATION

(a) General Comment

Operation and Maintenance expenditures of the Irrigation System for 1942, as shown by the 1942 Work Order Report, was \$1,341,532.00, as compared to \$1,411,000.00 in 1941. However, it must be borne in mind that the cost of operating the Mexican Division was included in the \$1,411,000.00 figure, which was \$135,000.00. The above figures also include capital expenditures.

The following breakdown or comparison is for the Irrigation District in the United States so, therefore, will not check with last year's comparison which included the Mexican Company and which it was pointed out heretofore is now being operated entirely separate from the Imperial Irrigation District:

	<u>1941</u>	<u>1942</u>
Capital	\$ 222 000	\$ 165 000
Operation and Maintenance - Drainage	152 000	168 000
Operation and Maintenance - Distribution Canals	902 000	1 008 000
	<u>\$1 276 000</u>	<u>\$1 341 000</u>

The largest part of the increase was for work on the main canals. The cost on these canals was, 1941 - \$125,000.00; 1942 - \$200,000.00. The extra cost was for work of widening the cross sections of the canals and placing structures and checks to flatten the grades to slow down velocity of the water and rock line below large checks to stop erosion caused by clear water. Previous to full use of the All-American Canal, the silt and sand carried by the water made necessary steep, narrow canals to cause a high water velocity to keep part of the sand and silt moving.

Over fifty miles of new additional drainage canals were constructed and added to the District drainage system during the year, increasing the mileage of drains maintained by the District from 1,160 to over 1,200 miles. The District also maintained approximately 100 miles of open private drains for land-owners at their personal expense because no private equipment was available.

The higher cost of materials and substituting material as a makeshift because of inability to obtain materials previously used have influenced increase in cost of operations. The loss of trained, efficient man power, plus the tremendous amount of detail caused by Governmental rules and regulations, has greatly complicated our operations. The District is substituting women for loss of man power wherever possible.

The District took over additional operation and maintenance on the All-American Canal. This cost for 1942 was \$33,000.00, compared to the 1941 expenditure of \$7,300.00.

The District received over \$40,000.00 for rock sold to the Mexican Irrigation Commission of Mexico for levee protection work in Mexico.

October crop report shows 167,000 acres in crops, an additional 211,000 acres plowed for crops, and 70,000 acres not in crop. However, the major portion of the latter acreage will probably be cropped.

(b) Weed Control

During the past year, burning operations to control growth of weeds and brush on both drainage and distribution canal banks have been carried on extensively and we do not know how we could have kept water running with the handicaps of the man power shortage and the difficulty in obtaining repairs for dredges and caterpillars if we had not developed this method of operation.

Total number of canal banks burned in 1942 exceeded 10,000, at an average cost of \$8.55 per mile - operations that required use of 1,200,000 gallons of low grade Diesel oil. In 1941 the mileage totaled 9,500, average cost per mile was \$9.98, and oil consumed was 1,266,000 gallons. Observations of residue left by the burning oil and heat reaction on the minerals in the ground showed increased sealing activity on some canals.

The burning operations were supplemented by spraying which was limited to spot spraying of obnoxious weeds. Only 16,800 gallons of Atlacide were used in 1942 compared to 56,000 gallons in 1941. The weather was not favorable for spraying, it being continuously dry. In order to achieve best results, it is necessary to have considerable moisture such as is provided by light rains.

(c) Seepage

A limited amount of oil treatment of canals for seepage in the worst spots was carried on in 1942 and the observations of past work of this type are very encouraging. In my opinion, when we get the grades and cross sections of the canals re-established and conditions become normal, this operation will be greatly increased.

(d) Emergency Operations

Emergency operations were limited to the usual anticipated number of structures going out that are replaced by maintenance funds. It was unnecessary to draw on the Emergency Fund for any money in 1942.

III. DRAINAGE CONSTRUCTION, MAINTENANCE AND IMPROVEMENTS

(A) Construction

Construction work was continued on a cooperative basis with landowners during 1942. The landowners contributed on a basis of \$800.00 per mile, the District paying all engineering and the difference between what the landowners pay and the actual cost. Over 90 miles of open drains were constructed by the District and added to the Valley drainage system during the year. The mileage was divided as follows: over 50 miles of District drains and approximately 40 miles of private drains, which were paid for by the landowners who will provide for their future maintenance. Approximately 50 miles of drains were reconstructed, including 40 miles of District drains and 10 miles for private landowners. Forty miles of tile drains were added to the 456 miles in service in 1941, making a total of 496 miles.

Some idea of the work involved in construction of the new drains is indicated by the following items: over 29,000 feet of pipe used, or over 5 miles; 20 miles of fence moved; 120 miles of right of way needed; 22 bridges built.

The cost of the work heretofore mentioned, not including tile drains, was \$300,000.00; but all work was done on a cash basis, and completed a \$1,000,000.00 cash construction program started in 1939.

(b) Maintenance and Improvements.

Some of the work done in connection with the maintenance of the deep drains for the year was dredging 54 miles of channel, burning over 1,100 miles, grading 11 miles of right of way, replacing 100 flumes, elimination of 25 flumes by changing construction, 40 bridges repaired, 13 bridges replaced, and 9 maintenance bridges removed and salvaged.

The drainage story would be incomplete without mention of the 12,000 acres of rice grown on land that previously had been too salty to produce crops of any kind but in 1942 grew 120,000 bags of rice because constructing outlet drains made it possible to leach this land.

IV. POWER PROGRAM PROGRESS

(a) New Construction

Full utilization of All-American Canal power, generated at the Drop No. 3 and Drop No. 4 hydro plants, was an achievement of 1942. Practically the entire generation for the year was produced by the hydro plants, with the Brawley Diesel Plant supplying power for only short periods during storms and "warming-up" periods required occasionally to test condition of the units. The net generation for the hydro plants was 44,257,140 kilowatt-hours for the year, while the net generation for the Brawley Diesel Plant was only 574,550 kilowatt-hours for the same period, as compared to the 1941 figures of 26,515,000 kilowatt-hours for the hydro plants and 12,843 kilowatt-hours for the Diesel Plant.

The construction of the military camps in the Valley brought the major increases in system capacity and line extensions. Approximately 5 miles of 11.5-kv transmission line were built from Niland to Camp Dunlap where a new 1,000-kva substation was constructed to serve the camp. The Westmorland Substation capacity was increased from 300 to 600 kva and one mile of one wire and 13 miles of 2 wire were added to convert the inspection station line to 2-phase, and about 5 miles of new 3-wire line were built from the inspection station to the Seaplane Base at Sandy Beach to serve that project. At Seeley, the substation capacity was raised from 300 to 1,000 kva to take care of the increase in load requirements at the new El Centro Airport. About half a mile of rural line was constructed in the Silsbee area to serve the new Government airplane radio beacon.

During the year, the District continued the policy of making short extensions within the limitations of WPB regulations. These extensions were quite limited. Approximately 43.75 miles of distribution lines were constructed.

In the City of El Centro a control loop was installed to place all of the District's street lighting under a central control switch installed at the Miller Station, to aid in "blacking-out" if and when such an emergency becomes necessary. Minor changes of a similar nature were made in Brawley and other localities where black-out provisions have been planned.

(b) Consumer Increase

Freezing of competition on April 15, 1942, increasing rigid restrictions on extensions of service, greatly affected the District's power-system growth during 1942.

For the first three months of 1942, the District continued to show the steady growth in customers that had marked our progress since the start of the power system. From 11,290 customers at the end of December 1941, the count increased to 11,404 by April 1942. The freezing order, which came without any advance notice, was particularly unfortunate from the standpoint of the District's operations. We had on hand a considerable number of signed applications and definite promises for new customers who were to be connected within the next 30 days. These included a substantial number of large commercial accounts.

However, the District was able to offset this loss in anticipated revenue to some extent by the curtailment of operating expenses which elimination of competition permitted. The pay roll operating the seven division power offices and the Power Superintendent department at Imperial Headquarters was reduced from 52 to 36 employees. Cooking schools and similar sales promotional activities have been suspended for the duration. The budget for all sales promotion, including supervision, salaries, demonstrations, and miscellaneous expenses, was cut from \$43,000.00 in 1942 to \$10,000.00 in 1943.

Restrictions on extensions of service has greatly reduced this activity, except for extensions to military establishments, those necessary to public health and safety, and service to loads directly connected with the war effort.

During 1942, several large military camps were connected to District lines. The District is now serving every military establishment in Imperial Valley. This business was secured despite active competitive efforts by the competing private utility. Revenue from the major camps, including Camp Dunlap, Camp El Centro, and Salton Sea Seaplane Base, is expected to exceed \$60,000.00 a year.

Collections in the Power Division continued to reach the high standard set in 1941. Power collections for the year 1942 were 100.9 per cent which was even higher than the mark of 100.6 per cent set in 1941.

Gross power sales for the year 1942 exceeded 1941 by \$90,000.00, a healthy growth which undoubtedly would have been substantially more under normal conditions. More important was the net income total of \$168,000.00 as compared to \$49,000.00 in 1941, an increase which was attributed to full use of the hydro-electric generating plants on the All-American Canal and the ensuing large saving in generation costs. To this also can be added the reduction in operative costs due to elimination of competition and increased efficiencies.

A system of post card meter reading for the District's 2,500 rural consumers was inaugurated in September 1942. Customers are mailed a return post card upon which they mark the position of the hands on their meter dials. From these, monthly consumption is computed. The system has eliminated over 1,600 miles of car use by meter readers each month, an important contribution to rubber and transportation conservation.

The Electric Home and Farm Authority ceased to finance electrical appliance contracts on August 31, 1942; and on October 13, 1942 they were taken over by

the Reconstruction Finance Corporation and ceased to be an agency of the United States. This brought to a close, at least for the duration, one of the District's most active promotional programs. Through the District and EHFA, over a half million dollars' worth of electrical appliances have been sold by independent dealers in Imperial Valley. This was a great benefit both to power users who were able to electrify their homes on liberal financing terms and to the independent dealers who sold the merchandise. The outstanding contracts upon which the District effects payment collections have been reduced from 1,921 in December 1941 to 1,007 in December 1942.

V. LEGAL DEPARTMENT

(a) Diversified Duties

The work of the Legal Department of the Imperial Irrigation District for the year 1942 may be summarized as follows:

There have been completed of the quiet title actions heretofore filed, eighty (80) cases; that is, eighty cases filed either during or before 1942 have been reduced to final judgment. During 1942, there were also 134 new actions filed on behalf of the District. These new actions relate to quiet title proceedings.

Also, there have been certain condemnation proceedings which have been instituted, and in most of those cases they have been able to reach some satisfactory arrangement without the necessity of extended trial.

In connection with delinquent power bills; and in a few instances with respect to controversies concerning water bills, court proceedings have been found necessary; and in most of those instances the cases have been completed, reduced to judgment, and collected.

With respect to the District's composition proceedings involving its bonds and registered warrants, the record upon appeal has been completed and all of the briefs filed and the case argued before the United States Circuit Court of Appeals and submitted. We are awaiting decision in that matter.

The Legal Department has also participated in a number of amicus curiae proceedings before Appellate Courts in matters involving issues of general interest to irrigation districts at large and of interest to this District.

In connection with the case of Hatch vs. Imperial Irrigation District and the City of El Centro, arising out of the cloudburst of September, 1939, the same is under submission upon legal issues which we believe will be decisive of the matter in favor of the District.

This office, with the engineering staff set up for that purpose, has continued the study of the operations of the All-American Canal, with particular reference to the Bard Indian Reservation area. Those studies have proved highly satisfactory and will be continued as long as indicated.

The Legal Department has participated in some conferences and in the negotiations relative to operations in Mexico and to possible allocations of water to Mexico.

The matter of the California representatives' work in connection with the Colorado River and Colorado River Basin has been studied and considerable thought has been given to the appropriate handling of the pending proceedings before the state relative to the filings of various public agencies in California.

Throughout the year 1942, they have been confronted with the necessity of going into fields not heretofore existent or necessary. Gas rationing, tire rationing, truck operations and various such problems, wage laws, tax deductions, participation in employees' purchase of bonds, priorities and tax matters have all required detailed and continued study; and to this end R. L. Knox, Jr., with others on the legal staff, has devoted considerable time.

There has been a constant increase in the number of miscellaneous matters requiring consideration and determination. Our miscellaneous files show ninety-eight new separate matters which have required and have been given consideration during the year 1942.

The innumerable commissions, administrative agencies and governmental bodies, both state and federal, the jurisdiction of which is possibly or actually applicable to an irrigation district, are requiring not only additional personnel but additional expense in connection with the taking and study of rules, regulations, and decisions.

In connection with the State tax deeded land situation, conferences have been held throughout the State with the various interested agencies and they have prepared a bill which is now being placed before the Legislature for the 1943 session, which we believe may solve many of the difficulties that have been both local and state-wide.

(b) Water Code Review

The California Code Commission work involving the completion of the Water Code is just about complete and the entire Code, as revised through our efforts, is now before the Legislature in the form of a bill and is being printed and will soon be available as the proposed finished product.

VI ALL-AMERICAN CANAL

(a) Operation

In the year 1942 Imperial Valley residents experienced the satisfaction of enjoying the realization of the dream of a quarter of a century come true, with the All-American Canal serving 100 per cent of all their water.

The Bureau of Reclamation continued to operate the canal, however, down to the Highline Canal, but the District operated and did light maintenance work from the Highline to the West Central Main Canal.

The drainage canal installed east of the Highline, paralleling the All-American Canal, indicates the canal is sealing very rapidly as flow in the drain is decreasing. However, there has developed some seepage above the Woodbine

Check that the Bureau of Reclamation intends to correct by installing a parallel drain, for which the District will provide an outlet.

(b) Bard Area Investigation

This investigation was started in 1940 by Allen E. Sedgwick and C. F. Tolman and is now being followed by R. H. Rule. Sedgwick and Tolman both passed away. The study continues to be very encouraging and both the Legal Department and Consulting Engineer assure us the study is furnishing evidence to successfully defend the District against the claims for damages from the All-American Canal that were being raised in this area.

(c) North End Improvement Plan

Some additional drains in the Vail area were deepened during the year but the connection with the Highline Canal will be deferred for the duration.

VII. EAST MESA

The public lands of the East and West Mesas were included in the District during the year. At the time of preparing this report, the writer had no knowledge of any progress of the Bureau of Reclamation relative to the field survey that was completed in 1941 and sent to Denver.

VIII. COLORADO RIVER BOARD

Evan T. Hewes was re-elected Chairman.

Two important changes involving personnel of the Board took place in 1942. Mr. R. G. Hosea resigned as Executive Secretary and Board member; Mr. L. A. Hauser was obtained to take his place. Mr. Fred J. Toole of the Palo Verde Irrigation District was appointed to the Board to take Mr. Hauser's place.

Mr. M. J. Dowd attended all Colorado River Board meetings, as well as representing the Chairman at many meetings and serving on special engineering committees.

The Imperial Irrigation District has a tremendous stake in the Colorado River, and as long as that stake is being attacked the District's representative on the Colorado River Board should have the best engineering advice possible on that subject.

The Colorado River Board had a very active year throughout 1942. The Petition for intervention in the Arizona Bridge Canyon Permit, authorized by the Board, was prepared and filed by Special Assistant Attorney General Arvin B. Shaw, Jr., acting as legal counsel for the Board; and the Federal Power Commission made its order permitting California to intervene January 6, 1942. The Secretary of the Interior also filed an appearance objecting to the granting of the permit.

On February 3, the Federal Power Commission postponed the hearing which was set for February 9 until further notice from that agency.

Also in February, the California Legislative Interim Water Committee inspected the Gila Project, the Imperial Dam, All-American Canal, Imperial Irrigation District, and Coachella County Water District, as well as the water shed of San Diego and the Metropolitan Water District's work. This educational trip was made by bus, and with the aid of maps and a loud speaker we were able to get some of California's Colorado River problems before the Committee in a satisfactory manner.

This trip was very beneficial, resulting in the Committee's resolving that our Colorado River Board be allocated additional funds from the Governor's Emergency Fund to help finance our work.

The Governor was very cooperative through the year and assigned Mr. Kenneth I. Fulton as his personal representative to attend our meetings and counsel with the Board.

Nevada has not taken any steps to promote a bistate or tristate compact, although California indicated its willingness to do so.

Arizona also has shown no willingness to resume discussions of a tristate compact. The inadequacy of Lower Basin water to supply the ambitions of both states is still the stumbling point.

Three meetings of the committee of 16 and several subcommittees were held during the year in regard to quantity of water the Republic of Mexico should be allocated from the Colorado River. California has continued to fight for an allotment comparable with what Mexico used before Boulder Dam. The other states were inclined to be more liberal but are going along with California at present.

California has also urged the United States to obtain an assent by Mexico to a form of notice that in the event agencies such as the Imperial Irrigation District delivers Mexico more water than that country used before Boulder Dam, Mexico will not use the added quantity of water as a precedent to claim more water. The Colorado River Board has no desire to prevent Mexico from using water going to waste between now and when it will be needed in the United States.

We were not able to get the other states to concur with our form of notice, they being satisfied to ask the United States to merely serve notice on Mexico without requiring her assent.

I can only charge the unwillingness of the other states to stand shoulder to shoulder with California to their lack of understanding of the subject, as it seems so obvious to the California Colorado River Board that whatever amount of water Mexico receives, the United States will have to leave forever the remaining desert lands it would irrigate, as there is not enough water for the lands in the United States which could be irrigated if Mexico did not receive any water.

Work on a limited scale has proceeded on the Gila Project under the disguise of needing it for guayule, although work was stopped on the Coachella branch of the All-American Canal. The California Board has not protested the work on the Gila as it is on the first unit, and we consider there will be enough water for the first unit unless too great a quantity is given to Mexico.

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A brief outline of the history of Imperial Irrigation District's 1942 operations has been recorded.

We believe the record contained herein justifies the people in placing their confidence and giving the organization the cooperation they did, which made possible carrying out the program.

To the Board of Directors, the other elected officers, the entire personnel of the organization and to the people of Imperial Valley - for their courage, patience and unfaltering loyalty during these trying times - I take this opportunity of thanking you for making it possible for me to record the contents of this report.

Faithfully yours

EVAN T. HEWES
President & Executive Superintendent
Imperial Irrigation District

23-43

Imperial Irrigation District

Annual Report

1943

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IMPERIAL IRRIGATION DISTRICT
ANNUAL REPORT BY THE PRESIDENT OF THE BOARD OF DIRECTORS
JANUARY 1, 1944

DIRECTORS

Evan T. Hewes, President of the Board
Charles Morrow Mack Trentham
B. F. Grubel Mark Rose

ASSESSOR-COLLECTOR

W. A. McFadden

SECRETARY

G. L. Dermody

TREASURER

Anna T. McManus

El Centro, California
January 1, 1944

To the
Board of Directors and
All Persons Interested in
Imperial Irrigation District

The President of the Board of Directors submits herewith a review of District operations and achievements for the year ending December 31, 1943.

Recapitulation of this twelve-months record will include the following topics:

- I. FINANCIAL
 - (a) Statement of Condition
 - (b) Second Refunding Plan
 - (c) 1943-44 Assessment and Budget
 - (d) Assessor-Collector's Office
 - (e) Treasurer's Office
 - (f) Auditor's Report
- II. OPERATION AND MAINTENANCE OF WATER DISTRIBUTION
 - (a) General Comment
 - (b) Weed Control
 - (c) Seepage
 - (d) Moss Control
 - (e) Emergency Operations
- III. DRAINAGE CONSTRUCTION, MAINTENANCE AND IMPROVEMENTS
 - (a) Construction
 - (b) Maintenance and Improvements
- IV. POWER DIVISION
 - (a) Construction and Improvements
 - (b) Operations and Maintenance
- V. LEGAL DEPARTMENT
 - (a) Diversified Duties and Resume of Activities
- VI. ALL-AMERICAN CANAL
 - (a) Operation
 - (b) Bard Area Investigations
- VII. EAST MESA
- VIII. NORTH END IMPROVEMENT PLAN
- IX. COLORADO RIVER BOARD
- X. CONCLUSION

FOREWARD

Seldom in the history of any organization has the opportunity existed during one year for the completion of two major programs of such magnitude and importance as those which were brought to a successful conclusion by the Imperial Irrigation District in 1943.

The two objectives attained were the refunding of all of the District's outstanding General Obligation Bond and Warrant indebtedness, and the acquisition by the District of the California Electric Power Company's electrical properties in Imperial County and in the Coachella Valley, Riverside County. The fact that a total war was in progress made the accomplishment of these two important projects all the more remarkable.

These two great achievements guarantee an absolutely sound financial structure for Imperial Irrigation District, as the first involves a charge against the lands of the District that is within the scope of the amount which was proven could be paid during the last depression, and the latter will provide net revenue sufficient to meet our new obligations under the All-American Canal contract.

In directing your attention to the fact that you were able to sell your bonds at par value with interest, to accomplish the program, at rates of from 3 to 3-1/2 per cent, although United States war bonds are carrying practically 3 per cent interest - and that large blocks of your Bonds were bought by major insurance companies and savings banks, I know that you will realize I am justified in congratulating you on your good judgment in taking advantage of the great opportunities when they were presented.

Many of the details recorded on the following pages will revolve around and reflect the effect of the war and the two great projects heretofore mentioned.

In reviewing for you your District's activities for the calendar year 1943, it will be noted by the change in form of this report that the Power Division has attained the status of a full-fledged power business.

The year 1943 witnessed one change in the Board of Directors of the District. At the regular election held on February 3, Director Mack Trentham of Imperial was elected to succeed the late W. J. Gregg of the second division, who passed away two days before the election. Charles Morrow, Brawley, representing the fourth division, was reelected for his third term, receiving more votes than those polled for two opponents combined. Miss Anna T. McManus, treasurer, and W. A. McFadden, assessor-collector, both of whom ran without opposition, were given large votes of confidence. On March 9 at the reorganization meeting of the Board, President Evan T. Hewes was reelected chief executive for the sixth consecutive time.

A major loss to the Board and to the people of the District was recorded May 29 when Secretary W. W. Goodson succumbed to a long illness. G. L. Dermody, Assistant Secretary, and District employee since 1923, was appointed Secretary to fill the vacancy caused by Mr. Goodson's death. Justification of the Board's action in expressing faith in the ability of Mr. Dermody was demonstrated when he successfully conducted, with the assistance of a limited office staff, one regular election and two special Bond elections within the year following his appointment.

I. FINANCIAL

(a) Statement of Condition

The District called all of its General Obligation Bonds, amounting to \$13,815,000 par value July 1, 1943, and sold Refunding Bonds at a lower rate of interest to take up the same. Outstanding Warrants, totaling \$738,000, were also called at par and new Warrants were issued at a lower rate of interest.

These two actions resulted in reducing the interest for 1944 on General Obligation Bonds and Warrants \$127,316 and the levy for Debt Service from \$725,000 per annum to \$650,000 per annum.

The Board paid \$28,334 in Power Warrants in 1943 and also paid \$102,000 in Power Bonds.

The District issued \$6,000,000 in Power Bonds, of which \$4,900,000 was used to purchase the California Electric System in Imperial Valley and in the Coachella Valley, Riverside County. The additional \$1,100,000 was for additions to the system and to tie the two systems together.

The following table, prepared by Treasurer Anna T. McManus, gives the details of the financial changes that took place during 1943:

GENERAL OBLIGATION BOND AND WARRANT INDEBTEDNESS

	Total Securities <u>Dec. 31, 1942</u>	First Refunding Securities <u>Called at Par</u>	<u>Retired</u>	Second Refunding Securities <u>Dec. 31, 1943</u>
Warrants	\$ 738 135 85	\$ 738 090 25	\$ 45 60	\$ 738 000 00
Bonds	13 818 000 00	13 815 000 00	3 000 00	13 815 000 00
Total	<u>\$14 556 135 85</u>	<u>\$14 553 090 25</u>	<u>\$3 045 60</u>	<u>\$14 553 000 00</u>

SAVINGS IN INTEREST BY REFUNDING

<u>First Refunding Interest</u>	<u>Second Refunding Interest</u>	<u>Interest Savings First Year</u>
\$ 38 745 00	\$ 16 450 00	\$ 22 295 00
575 396 25	470 375 00	105 021 25
<u>\$614 141 25</u>	<u>\$486 825 00</u>	<u>\$127 316 25</u>

POWER REVENUE BONDS

<u>Total Securities Dec. 31, 1942</u>	<u>Eighth Issue Bonds Issued</u>	<u>Securities Retired Face Amount</u>	<u>Total Securities Dec. 31, 1943</u>
\$3 116 334 61	\$6 000 000 00	\$130 334 61	\$8 986 000 00

(b) Second Refunding Plan

The year 1943 witnessed the District's calling all of its General Obligation Bonds and Warrants at par value and selling new bonds and warrants at a lower rate of interest to take up the old securities. The saving in interest over the life of the bonds and warrants will be over \$3,000,000 and both the bondholders and the District will have the additional security of a lower annual debt service, as the minimum debt service of the new bonds and warrants will be \$650,000, compared to \$725,000 on the old bonds and warrants.

In addition to the major reorganization of the District's financial structure, factors influencing the financial condition during the year are outlined as follows:

(1) Water sales increased \$73,000 because the rate for water, which became effective July 1, 1942, was in operation during the entire year of 1943, and rainfall did not affect water revenue until the last half of December of that year.

(2) Sales of land dropped from \$240,000 to \$198,000, primarily because the District is rapidly reducing the Tax Deed lands it holds.

(3) No general increase in salaries was made by the District in 1943, and the inability to secure employees to carry on operations on a normal basis, plus not being able to replace field and transportation equipment, were factors that are reflected in the increase of \$410,000 in the Irrigation Operating Fund. The Board is continuing to maintain a policy of building a reserve to replace worn-out equipment whenever it is possible to do so.

Power cash balance shows an increase of \$57,000. It will be noted, however, that the net income for the Power Division increased from \$168,000 in 1942, to \$225,000 in 1943, although the District was obliged to purchase a large amount of power at the end of the year because it had not had the opportunity of consolidating the properties acquired from the California Electric Power Company, to utilize the District's generating plants to the possible maximum extent.

Total power sales for 1943 were \$1,179,000, in comparison with the 1942 figure of \$890,000. Thus it will be seen that in 1943 the Power Division passed its first million dollar business year.

The Cash and Fund Balance Sheet attached shows that the District started the year 1944 in an even stronger financial condition than heretofore but confronted with another year's depreciation of equipment and handicapped by further depletion of personnel. I feel that the system was practically in as good a condition at the end of the year as it was at the beginning of the year.

The Cash and Fund Balance Sheet and the Revenue and Expense Statement herewith attached, give you the details of the financial condition of the District on December 31, 1943, which support my factual comments.

CASH AND FUND BALANCES
DECEMBER 31, 1943 AND DECEMBER 31, 1942

	<u>December 31</u> <u>1943</u>	<u>December 31</u> <u>1942</u>	<u>Increase or</u> <u>Decrease*</u>
<u>OPERATING FUNDS: (Irrigation)</u>			
Cash Balance	\$ 944 183	\$ 541 586	\$ 402 597
Assessments Collected for Following Year	130 757	122 366	8 391
Total Fund Balance	<u>\$1 074 940</u>	<u>\$ 663 952</u>	<u>\$ 410 988</u>
<u>IRRIGATION BOND AND WARRANT FUNDS:</u>			
Cash Balance	\$ 812 861	\$ 149 335	\$ 663 526
Less Unpaid Matured Principal and Interest	1 000 563#	405 418#	595 145
Fund Balance	<u>\$ 187 702**</u>	<u>\$ 256 083**</u>	<u>\$ 68 381</u>
Assessments Collected for Following Year	430 088	443 148	13 060*
Total Fund Balance	<u>\$ 242 386</u>	<u>\$ 187 065</u>	<u>\$ 55 321</u>
<u>DRAINAGE FUND:</u>			
Cash Balance	\$ 132 064	\$ 151 175	\$ 19 111*
Assessments Collected for Following Year	99 331	91 830	7 501
Total Fund Balance	<u>\$ 231 395</u>	<u>\$ 243 005</u>	<u>\$ 11 610*</u>
<u>LAGUNA DAM CONTRACT FUND:</u>			
Cash Balance	\$ 140 034	\$ 132 373	\$ 7 661
Less Check Issued for Dec. 31 Installment	83 922	83 922	-
Fund Balance	<u>\$ 56 112</u>	<u>\$ 48 451</u>	<u>\$ 7 661</u>
Assessments Collected for Following Year	49 628	45 952	3 676
Total Fund Balance	<u>\$ 105 740</u>	<u>\$ 94 403</u>	<u>\$ 11 337</u>
<u>MISCELLANEOUS IRRIGATION FUNDS:</u>			
Cash Balance	\$ 318 143	\$ 147 074	\$ 171 069
Assessments Collected for Following Year	33 135	30 757	2 378
Total Fund Balance	<u>\$ 351 278</u>	<u>\$ 177 831</u>	<u>\$ 173 447</u>
<u>POWER REVENUE FUNDS:</u>			
Cash Balance	\$ 226 081	\$ 169 106	\$ 56 975
Due General Fund	-	-	-
Fund Balance	<u>\$ 226 081</u>	<u>\$ 169 106</u>	<u>\$ 56 975</u>
<u>POWER BOND FUNDS:</u>			
Cash Balance	\$ 380 173	\$ 278 978	\$ 101 195
Less Unpaid Matured Bond Interest	220	-	220
Less Unpaid Bonds Maturing Jan. 1 of the Following Year	94 000	83 000	11 000
Less Unpaid Interest Maturing Jan. 1 of the Following Year	105 207	57 886	47 321
Fund Balance	<u>\$ 180 746</u>	<u>\$ 138 092</u>	<u>\$ 42 654</u>
<u>MISCELLANEOUS POWER FUNDS:</u>			
Cash Balance	\$ 56 012	\$ 19 464	\$ 36 548
Due in January	1 033	953	80
Fund Balance	<u>\$ 54 979</u>	<u>\$ 18 511</u>	<u>\$ 36 468</u>
<u>POWER CONSTRUCTION FUND:</u>			
Cash Balance	\$1 100 000	-	\$1 100 000
Due General Fund	48 588	-	48 588
Fund Balance	<u>\$1 051 412</u>	<u>-</u>	<u>\$1 051 412</u>
 TOTAL FUND BALANCES	 \$2 776 018	 \$ 957 912	 \$1 818 106
Assessments Collected for Following Year	742 939	734 053	8 886
TOTALS	<u>\$3 518 957</u>	<u>\$1 691 965</u>	<u>\$1 826 992</u>

#Includes Interest Maturing January 1 of the Following Year - Bond Interest, \$235,187 and Warrant Interest, \$8,225 matured January 1, 1944.

*Decrease

**Deficit

IMPERIAL IRRIGATION DISTRICT
Compañia de Terrenos y Aguas de la Baja California, S.A.
CONSOLIDATED REVENUE AND EXPENSE STATEMENT
JANUARY 1 TO DECEMBER 31, YEAR 1943

		<u>Imp. Irrig. Dist.</u>		<u>Compañia</u>
		<u>Power Div.</u>	<u>Irrig.U.S.</u>	<u>de T. y A.</u>
<u>REVENUE</u>	<u>Consolidated</u>			<u>Irrig.Mex.</u>
<u>OPERATING REVENUES:</u>				
<u>Realized Revenue from:</u>				
Current Year Assessments	\$1 319 964		\$1 319 964	
Penalties and Costs	5 937		5 937	
Redemption of Delinquent Assess- ments	131 275		131 275	
Interest Collected on Redemptions	16 589		16 589	
Total Collected by Assessor- Collector	\$1 473 765		\$1 473 765	
Sales of Land Held under Assess- ment Deed	198 584		198 584	
Equivalent of Current Assessments on Tax Deed Land	71 419		71 419	
Rental of Land Held under Assess- ment Deeds	36 616		36 616	
Interest on Land Sales Contracts	14 868		14 868	
Total Revenue Derived from Assessments	\$1 795 252		\$1 795 252	
Water Sales	1 283 210		984 637	\$298 573
Gate Service Charges	46 807		46 807	
Pipe Service Charges	4 576		4 576	
Mex. Gov. Share of Cost of Water Delivered at Boundary	9 511			9 511
Landowners' Share of Drainage Construction Costs	15 007		15 007	
Rental of Buildings	25 345	\$ 4 050	21 295	
Rental of Operative Land	11 982		11 982	
Rental of Equipment	1 710		1 710	
<u>Power Sales:</u>				
Residential or Domestic Sales		350 370		
Rural Sales		208 343		
Commercial and Industrial Sales		452 971		
Public Street and Highway Lighting		8 798		
Other Sales to Public Authorities		139 238		
Sales to Other Electric Utilities		32 544		
Interdepartmental Sales		22 537		
Less Provision for Sales Discounts		50 881*		
Total Power Sales	1 163 920	\$1 163 920		
Sales of Water Delivered at Boundary (Inter-Div.)			151 572	
Miscellaneous Revenue	13 637	10 877	1 635	1 125
TOTAL OPERATING REVENUES	\$4 370 957	\$1 178 847	\$3 034 473	\$309 209

*Deduction

	Consolidated	Imp. Irrig. Dist. Power Div.	Irrig. U.S.	Compañía de T. y A. Irrig. Mex.
Total Operating Revenue (Brt. Fwd.)	\$4 370 957	\$1 178 847	\$3 034 473	\$309 209
<u>OPERATING REVENUE DEDUCTIONS:</u>				
<u>Operating Expenses:</u>				
Operation and Maint. of Irrig. System	1 414 696		1 277 322	137 374
Operation and Maint. of Power System:				
Production Expenses		107 267		
Power Purchased		166 901		
Transmission Expenses		18 017		
Substations' Expenses		22 858		
Distribution Expenses		107 737		
Accounting and Collecting Expenses		73 839		
Sales Promotion Expenses		12 408		
Administrative and General Expenses		109 077		
Total Power Operation and Maint.	618 104	\$ 618 104		
Expense of Tax Deed Land Sales & Rentals	24 576		24 576	
Uncollectible Accounts	11 573	11 573		
Losses on Sales and Retirements of Assets	5 979		5 979	
Miscellaneous Expenses and Losses	10 157		8 776	1 381
Cost of Water Delivered at Boundary (Inter-Div.)				151 572
Total Operating Expenses	\$2 085 085	\$ 629 677	\$1 316 653	\$290 327
<u>Depreciation of:</u>				
Equipment and Facilities	16 158		15 584	574
Buildings	18 929		17 772	1 157
Power System	173 931**	173 931		
Amortization of Canal System & Defense Works, Mexico	145 555			145 555
Taxes	628		121	507
Total Operating Revenue Deductions	\$2 440 286	\$ 803 608	\$1 350 130	\$438 120
Net Operating Revenues	\$1 930 671	\$ 375 239	\$1 684 343	\$128 911*
<u>OTHER INCOME:</u>				
Interest - Coachella District Contract	\$ 2 600		\$ 2 600	
Interest on Bank Deposits	3 569		3 569	
Interest on War Bonds & Treas. Certs.	4 007	\$ 3 229	778	
Revenue from Lease of Other Property	284	284		
Total Other Revenue	\$ 10 460	\$ 3 513	\$ 6 947	
Gross Income	\$1 941 131	\$ 378 752	\$1 691 290	\$128 911*
<u>INCOME DEDUCTIONS:</u>				
Interest on District Bonds	\$ 676 651	\$ 153 711	\$ 522 940	
Interest on Registered Warrants	27 802	288	27 514	
Amortization of Debt Discount	3 524		3 524	
Expenses of Refunding Plans	37 998		37 998	
Total Income Deductions	\$ 745 975	\$ 153 999	\$ 591 976	
NET INCOME - EARNED SURPLUS, CURRENT YEAR	\$1 195 156	\$ 224 753	\$1 099 314	\$128 911*

*Deficit

**Estimated

(c) 1943-44 Assessment Budget

The District levy for 1943-44 was set at \$3.50 per \$100.00 of assessed valuation, or a drop of 25 cents under last year's levy of \$3.75. This reduction was made possible by placing in operation the District's Second Refunding Plan which was approved by an overwhelming majority of nine to one at a special election held on June 15, 1943.

The 1943-44 assessed valuation totaled \$37,754,103.00, or an increase of \$69,190.00 over the 1942-43 assessment of \$37,684,913.00. After providing for an estimated 15 per cent delinquency required by law, Directors had a net assessed valuation of \$32,090,987.55 with which to work. A rate of \$3.50 per \$100.00 assessed valuation would raise \$1,122,680.48, which is \$78,525.52 less than last year's total of \$1,201,206.00.

The real savings in the assessment, made possible by the Second Refunding Plan, are revealed from a comparison of figures for the 1942-43 and 1943-44 assessment years, as illustrated by the following tables:

<u>1942-43</u>		<u>1943-44</u>	
Operation & Maintenance	- 6.25	Operation & Maintenance	- 6.16
mills on the dollar to		mills on the dollar to	
raise	\$201 206 00	raise	\$197 680 48
Laguna Dam Contract	- 2.35	Laguna Dam Contract	- 2.34
mills on the dollar to		mills on the dollar to	
raise	75 000 00	raise	75 000 00
Redemption Fund (to pay		Redemption Fund (to pay	
interest on bonds and		interest on bonds and	
warrants and provide for		warrants and provide for	
their retirement)	-22.64	their retirement)	-20.26
mills on the dollar to		mills on the dollar to	
raise	725 000 00	raise	650 000 00
Drainage Fund	- 4.69	Drainage Fund	- 4.68
mills on the dollar to		mills on the dollar to	
raise	150 000 00	raise	150 000 00
Emergency Fund	- 1.57	Emergency Fund	- 1.56
mills on the dollar to		mills on the dollar to	
raise	50 000 00	raise	50 000 00
TOTAL	-37.50	TOTAL	-35.00
mills on the dollar to		mills on the dollar to	
raise	\$1 201 206 00	raise	\$1 122 680 48

(d) Assessor-Collector's Office

The equalizing system of land values inaugurated by W. A. McFadden, assessor-collector, and recorded by map with the valuation of each piece of land shown, was continued through 1943. The valuation map system simplifies a very complex problem as it permits a landowner to see a comparison of all valuations of the District, while at the same time it is very inexpensive, as all that is required to change the valuations when necessary is to simply change the figures. Mr. McFadden states that by his system of checking and comparison he has arrived at the most equitable valuations possible.

There are approximately 7,000 field observation sheets used in the assessment work and all of these sheets have been rechecked with the work sheets, which provides an accurate method for checking errors and discrepancies. During the year, Mr. McFadden and his deputies continued their work on right of ways, making indexes of all right of ways as they came through, and checking them on the field sheets as they came through so that valuations could be changed when necessary. Additional maps have been made on a scale of 500 feet to the inch on all country property and larger scale maps on city property with information entered that simplifies each assessment. A new valuation plat book for use in the field has been completed and is expected to be a valuable asset in future assessing operations.

The total equalized valuation for 1943-44 of \$37,754,103.00 is the total valuation of all land within the boundaries of the District that is assessable.

The elimination from the Assessor's rolls of non-income delinquent land saves money by removing the cost of advertising and gives a truer picture of the District's assets. It also does away with the necessity of issuing as many assessment deeds as formerly. The delinquency for the 1942-43 assessment was 8.01 per cent on September 8, 1942, while on the same date of the following year the delinquency had been reduced to only 5.67 per cent.

In 1943 there were 781 redemption certificates issued to landowners redeeming delinquent property under the General Law, and 65 cases completed under the three ten-year plans, which reduced the first ten-year plan to only 41 cases scheduled to be completed as of July, 1944, which will leave only two ten-year plans in operation.

Although costs of materials and supplies continued to mount in 1943, the office of the Assessor-Collector saved \$554.18 over operation expenses for 1942. The improved methods of operation have reduced the cost of running this office from \$33,223.00 in 1937, to \$24,188.46 in 1943.

Collections for the first half of the 1943 year show a new high with a delinquency of only 10.11 per cent, compared with 12.25 per cent for the corresponding period in 1942. There has been a 56.22 per cent collection of the entire assessment for 1943-44.

(e) Treasurer's Office

Treasurer Anna T. McManus and her assistant set a new all-time goal in this office in 1943 by handling 54,000 Bonds, Bond Coupons and Warrants for which they issued 750 checks that had a value of \$14,717,449.96. This large volume of business was due to the refunding of the District's General Obligation Bonds and Warrants.

Over 31,000 Cashier, Pay Roll, Warrant Interest, Laguna Dam, Compañia Pay Roll and Expense Checks were issued, involving an expenditure of \$3,096,878.15.

Purchase of the California Electric Company properties for \$4,900,000.00 make up a grand total of \$22,714,328.11 handled by this office. Other achievements included interest collected on bank deposits, amounting to \$3,569.30, and interest collected on War Savings Bonds, totaling \$3,229.00, or a grand total of interest collected of \$6,798.30. Miss McManus also handled all of the business detail in connection with her office, involved in the issuance of \$20,000,000.00 worth of Bonds and Warrants during the year.

Total cost of operating this office for the year, including auditing by Certified Public Accountants, was \$4,951.72. Considering that interest collected on bank deposits and government bonds amounted to \$6,798.30, it will readily be seen that the Treasurer's office was actually run at a profit to the taxpayers.

(f) Auditor's Report (Completed in April, 1943, covering 1942 operations)

Combined net revenue for all operations of the District, including the United States Irrigation Division, the Power Division and the Mexican Division, totaled \$1,131,844.92 for the year which ended December 31, 1942. This total represents an increase of \$645,810.62 over the net revenue of \$486,034.30 recorded for the preceding year. The net revenue over expenses represents investment in making capital improvements, such as addition and betterment to the system's canals and drainage facilities, paying off bonds and warrants, and increasing the District's cash reserve because of inability to replace worn-out equipment due to war conditions.

Both the United States water division and the power division recorded substantial profits for the year, far in excess of the totals marked up in 1941. However, the Mexican Division suffered a deficit that amounted to \$128,215.09. The major portion of this loss resulted from a charge made by the Irrigation Division of the District to the Compañia for water delivered at the International Line, totaling \$119,341.14. Total water sales for the year in the Mexican Division amounted to \$262,607.05, an increase of \$67,284.11 over the 1941 total of \$195,322.94. The 1942 water sales total included \$201,745.05 sold to consumers and \$60,962.00 sold to the Mexican government.

Operations of the United States Irrigation Division resulted in a net revenue of \$1,097,104.70 for 1942, an increase of \$660,534.82 over the net revenue for 1941. This large increase was derived from the following sources:

Assessment Revenues	\$167 287 18
Water Sales	456 416 29
Sundry Revenues	45 305 69
Total	<u>\$669 009 16</u>
Less Net Increase in Expenses	<u>8 474 34</u>
Increase in Net Revenue	\$660 534 82

Water sales included \$119,341.14 received from the Compañia de Terrenos y Aguas in payment for water delivered to that division at the International Line. The balance of the increased revenue total from water sales was a result of a

20 per cent increase in water rates which went into effect July 1, 1942, and because a total of 675,757 second feet was sold to the water consumers during the year, in comparison with 540,285 second feet sold during 1941.

The District's expanding power division recorded a net revenue for 1942 of \$162,955.31, or more than treble the net revenue of \$51,491.96 recorded for the preceding year. Total power sales for the year amounted to \$881,911.72, an increase of \$80,542.46 over the 1941 total of \$801,369.26.

The balance of the increase in the net power income resulted from reduction in operating expenses, especially the generation and sales promotion expenses. Operation and Maintenance expenses for 1942 reached a total of \$246,940.04, or a reduction of \$36,958.42 under the previous year's total of \$283,898.46. Administrative and selling costs for 1942 amounted to \$193,436.39, which was \$15,542.59 less than the 1941 figure of \$208,978.98.

Total revenue for 1942 from land and water, including the Mexican Division, was \$3,112,163.39, an increase of \$616,952.13 over the 1941 figure of \$2,495,211.26. Assessment sources yielded the United States Irrigation Division a revenue total of \$1,294,897.65 current, and \$395,858.88 delinquent, a total of \$1,690,756.53, which was an increase of \$432,105.31 over 1941. Water sales in the United States recorded an increase of \$337,075.15 over the 1941 total.

Total expense for 1942 amounted to \$2,869,423.61, which included \$1,871,792.78 for the Irrigation Division; \$726,149.83 for the Power Division; and \$271,481.00 for the Mexican Division.

On December 31, 1942, total assets of the District were \$27,438,726.89.

The auditors stated under "General Comments" that "We are pleased to report we found the accounting records of the District to have been well and accurately kept, and the supporting data filed and available for our inspection."

II. OPERATION AND MAINTENANCE OF WATER DISTRIBUTION

(a) General Comment

Operation and Maintenance expenditures of the Irrigation System for 1943, as shown by the 1942 Work Order Report, was \$1,368,563.12, as compared to \$1,341,532.00 in 1942.

The above figures include capital expenditures as set forth in the following breakdown:

	<u>1942</u>	<u>1943</u>
Capital	\$ 165 000	\$ 105 000
General Operation and Maintenance Expense	369 000	345 000
Operation and Maintenance - Drainage Canals	168 000	167 000
Operation and Maintenance - Distribution Canals	639 000	751 000
	<u>\$1 341 000</u>	<u>\$1 368 000</u>

3, The largest part of the increase in Operation and Maintenance for distribution canals is directly chargeable to the continuing of the work of transforming the canal system to meet the clear water conditions, to wit: widening canals and flattening grades to slow down the velocity of the water to stop erosion. The following figures denote the progress of this work:

4, In 1942, \$200,000 was spent on large main canals, as against \$165,000 in 1943. Operation and Maintenance expenditures on distribution canals in 1942 was \$639,000, in comparison with \$751,000 spent in 1943.

5, Thus it is seen that the transition has passed its peak on main canals and is now moving into the lateral distribution canals. However, all of the increase in cost of operation and maintenance of lateral canals is not chargeable to re-grading and widening canals. The advent of clear water brought with it the problem of moss control.

6, The growth of moss in the canal system, both drainage and irrigation, continued to develop through 1943 and the experimental work carried on with chemicals has so far been too expensive for ordinary operation practices. The most practical method of handling the problem to date has been to cut the water out of the canals involved, for two or three days, in order that the sun might kill the moss growths. This procedure, though necessary, has at times proved an inconvenience to farmers irrigating their crops.

Over 25 miles of additional drains were constructed in 1943 and added to the 1200 existing miles to be maintained by the District.

7, October crop report showed 183,000 acres in crop, an additional 197,000 acres plowed and ready for crop and 69,000 acres not in crop or prepared for crop. However, the largest part of the latter acreage will probably be farmed during the ensuing year.

(b) Weed and Brush Control

Burning operations were continued to combat growths of weeds and brush on canals and drains. Over 9,900 miles of canal banks were burned which necessitated using over 900,000 gallons of low grade Diesel oil.

8, Lack of man power made it impossible to do any spraying of cane or horse nettle with chemicals.

9, Canal banks graded totaled over 1,100 miles and more than 1,300 miles of canals were dredged one way.

10, Division maintenance crews constructed over 100 new structures, replaced over 300 structures and repaired over 1,500 structures.

(c) Seepage

11, We continued a limited amount of oil treatment of sections of canals where seepage conditions have been aggravated by clear water, and our experience record continues to be satisfactory. A total of 48,496 lineal feet was treated and 87,404 gallons of oil used for these operations.

(d) Moss Control

Twenty-seven miles of canals were treated by chemical for moss growths during 1943. Chemical used totaled 370 gallons, applied at a cost of approximately \$40.00 per mile. This control work was performed as an emergency operation and it is obvious that the cost would be prohibitive as a routine operation, especially as indications point to the necessity of repeating the chemical applications several times a year.

The moss control problem remains a challenge to the ingenuity of the personnel of the water distribution department.

(e) Emergency Operations

Emergency operations were limited to a cost of \$6,000 on the East Highline and some drain damage in the north end of the valley, plus the usual number of small structures repaired and replaced during the year. No work was charged to the Emergency Fund, all expense being taken care of from the General Fund.

III. DRAINAGE CONSTRUCTION, MAINTENANCE AND IMPROVEMENTS

(a) Construction

The regular cooperative drainage construction program was continued through the year 1943, with the landowners contributing on a basis of \$800 per mile and furnishing outlet pipes from their fields. The District assumed all other expense.

Over 50 miles of drains were added to the valley's drainage by District construction crews divided as follows: 25 miles to the District system and 29 miles of private drains. In addition to the new drains, District crews reconstructed over 50 miles of the system's drains and 10 miles of private drains. More than 50 miles of tile drain were added to the 496 miles in service, bringing the total number of miles in service beyond the 500 mile mark.

In excess of 25,000 feet of pipe, ranging from 4 inches to 48 inches in diameter, were used in construction work during the year.

Additional installations included over 100 outlet pipes, 79 crossing pipes, 223 waste pipes, and 7 drop structures.

Right of ways graded totaled more than 180 miles.

(b) Maintenance and Improvements

Maintenance of drains involved the burning of more than 5,500 miles with over 550,000 gallons of oil used in these operations. The magnitude of this one maintenance operation on canals and drains can best be appreciated by the consolidation of the two projects by which we arrive at the distance of over 15,000 miles and use of over 1,500,000 gallons of oil.

IV. POWER DIVISION

(a) Construction and Improvements

The outstanding accomplishment of the Power Division for the year was purchase by the District of the California Electric Power Company electrical properties in the Imperial and Coachella Valleys.

Acquisition of these properties by the District eliminated the costly competition in Imperial County that had existed before the freezing order issued by the War Production Board. The District's purchase removes the necessity of engaging in similar competition in the Coachella Valley and clears the way for the District to devote its entire attention to developing its power system on a sane and sound business basis.

Purchase of the private corporation's properties gives the District approximately 2,000 customers with a power load yielding a revenue of over \$1,800,000. Under present conditions the profit from this load will be ample to meet all power obligations and make the payments on the All-American Canal contract.

(b) Operation and Maintenance

The District had just started its cutover of California Electric property when the International Brotherhood of Electrical Workers, an affiliate of the American Federation of Labor, called an illegal strike against the District, causing a delay in our program and making it mandatory for us to purchase power from the California Electric Power Company, which otherwise would have been furnished by our hydro plants. In 1943, the District purchased \$106,353.69 worth of power from the California Electric and \$44,167.62 from the Bureau of Reclamation.

During the same year, District sales of power included \$11,974.86 to the California Electric Power Company; \$1,725.93 to the Imperial Valley Electric Power Company; and \$18,838.35 to the Bureau of Reclamation.

Total power revenue for the year amounted to \$1,179,000.00. Total power operation and maintenance, plus depreciation, was \$803,608.00. After paying all power obligations, the net income for power was \$225,000.00, compared to the 1942 total of \$168,428.00.

K.W.H. sales in 1943 totaled 63,590,557, or 26,808,073 k.w.h. more than the 1942 total of 36,782,484 k.w.h.

V. LEGAL DEPARTMENT

(a) Diversified Duties and Resume of Activities

The Legal Department of the District, although handicapped by a limited force, handled the largest and most complicated amount of work in the history of the organization.

A brief summary of this department's achievements follows:

One hundred twenty-six quiet title actions completed and reduced to final judgment.

One hundred fifteen new quiet title actions filed. Included among those completed were actions involving several thousand acres of rice lands.

Several actions in condemnation were instituted and all were settled out of court or completed, and final decrees in condemnation issued in favor of the District.

The United States Circuit Court of Appeals ruled in favor of the District's composition for General Obligation Bonds and Warrants and a petition for a rehearing before that court was denied. A petition for a writ of certiorari to the United States Supreme Court is now pending.

During the last year this department spent a great deal of time in conferences and in drawing contracts and agreements relative to the purchase by the District of a part of the system of the California Electric Power Company. This purchase and sale agreement was consummated during the year. This work included preparation of the necessary documents to call a bond election for the issue of the bonds, the proceeds of which were used to purchase the California Electric Power Company's properties.

One of the big jobs was the preparation of the various instruments and rules necessary for the calling of an election for the issue of Refunding Bonds at a reduced rate of interest.

The work done on the Water Code of California was completed by the codification of this code at the session of our legislature held in 1943.

Participation in meetings and discussions with various bodies and boards relative to the allocation of water by the United States to Mexico was a major activity. The delegates and attendants at these conferences were pledged to secrecy and, therefore, no statement is made as to these various conferences.

During the year new fields of work were opened up in which the Legal Department was involved. These matters, due to the increased number of commissions and governmental agencies, required a great deal of time.

Conferences were had with the various cities and counties relative to the handling of tax deeded property.

Much time was spent in conferences and legal proceedings arising out of the unlawful strike called by the electrical workers of Imperial Irrigation District.

Many other matters were handled during the year.

VI. ALL-AMERICAN CANAL

(a) Operation

The Bureau of Reclamation continued to operate the canal down to the Central Main, with the District operating the canal from the Central Main to the West Side Main and doing the light maintenance work.

The canal continues to seal satisfactorily, thereby reducing loss of water to a minimum. The storage capacity behind Imperial Dam is still sufficient to desilt the water, making it unnecessary to employ the desilting facilities at the dam. Observations at the present time indicate that these facilities may not have to be employed before 1945.

(b) Bard Area Investigations

R. H. Rule continued as Consulting Engineer on the studies. Based on the continued favorable indications, the work has been reduced to a routine reading of wells to keep the record straight and to record any changes that may develop.

VII. EAST MESA

Mr. M. J. Dowd, Consulting Engineer, continued to try and work out an agreement with the United States Bureau of Reclamation for the development of the lands west of the sand hills and south of the All-American Canal to the Mexican border, as an experimental development primarily to prove these lands are fit for agriculture and to forestall having approximately 100,000 acres of the East Mesa lands condemned because of the soil experts having classified them as unfit for agriculture.

Many people in the District know that many thousand acres of our best producing lands are lands which in the early days had also been classified by soil experts as unfit for agricultural purposes.

VIII. NORTH END IMPROVEMENT PLAN

Several lateral drains were deepened in the Vail area and a limited amount of this work will be continued.

IX. COLORADO RIVER BOARD

No change in the personnel of the Board occurred during the year. Evan T. Hewes was reelected Chairman of the Board and Commissioner.

Attorney General Robert W. Kenny has cooperated with the Board in all of its operations, and continued Arvin B. Shaw, Jr., as Assistant Attorney General.

Mr. Kenny attended several Colorado River Basin states' meetings with Board representatives and has been of great assistance because of his familiarity with our general problems.

Governor Earl Warren and the California Legislature have also cooperated in making finances available for the Board. M. J. Dowd, Consulting Engineer for the District, has acted as advisor for the Board and the Chairman.

Eleven regular and five special meetings of the Colorado River Board were held during the year. Five conferences of the Committee of 14 and 16 were held in 1943 - one each at El Paso, Santa Fe and Phoenix, respectively, and two at Denver, all of which were attended by member representatives of the Colorado River Board of California.

The Colorado River Board of California maintains, in respect to the proposed Mexican Treaty for the division of the waters of the Colorado River, that Mexico is not entitled to the use of stored water made possible by the building of Boulder Dam. The dam was built by American capital, for projects exclusively within the United States; therefore, Mexico is only entitled to make use of the natural flow of the river, estimated at 750,000 acre feet. It further maintains that the Congress of the United States in its proceedings which led up to the passing of the Boulder Canyon Act, gave notice to Mexico that the stored water created by the dam was for the exclusive use of agencies within the United States.

In reference to the Arizona Contract, we contend that for the Secretary of the Interior to execute a contract with Arizona for 2,800,000 acre feet of main stream water, exclusive of the Gila River, upon promise of availability and thereby to permit large investments for projects in Arizona with the knowledge that the existing contract holders in California who have made large investments, depending upon the validity of their contracts, can only add to the many unsettled controversies among the Colorado River Basin States.

It is the opinion of the Colorado River Board of California that the State's rights to Colorado River water are on the threshold of partial jeopardy and the full support of the State will be required to overcome the encroachments that now cloud the horizon.

X. CONCLUSION

The brief factual summary of the District's operations has been recorded in the pages of this report.

The year's operations were marred by approximately 70 employees, who were members of the I. B. E. W. of the A. F. L., deserting their posts and obeying Union orders to strike against the District in an effort of the Union business leaders to take control of the District away from the people. Governor Earl Warren branded this action "AN ILLEGAL STRIKE AGAINST THE GOVERNMENT."

Fortunately, the strikers represented less than 10 per cent of the District's personnel and the loyal employees and farmers kept the District running and saved the people thousands of dollars, as well as preserving for them their American way of life, to wit: the right to govern and operate their own business and not be compelled to accept the dictatorship of labor union racketeers.

The successes recorded in this report would not have been possible had it not been for the outstanding devotion and loyalty to the District by the personnel of the organization as a whole, and I wish that space would permit me to record each of their names on the honor roll, but since it does not, I can only thank them as a group.

I do feel justified, however, in expressing appreciation to M. J. Dowd, Consulting Engineer, and Harry W. Horton, Chief Counsel, for their untiring efforts in successfully working out the problem of purchasing the California Electric Power Company's electrical properties, and to E. H. Aiken, Chief Electrical Engineer, for his outstanding services during the strike.

To all of the elected officers of the District we owe a vote of thanks because their loyal cooperation was necessary to achieve the successes recorded - and to the people of the District - I thank you for your loyal support of the Board of Directors who are carrying out your program.

Faithfully yours

EVAN T. HEWES
President of the Board